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## NEWS SUMMARY

### GENERAL

**Carey to host talks on Ulster**

Governor Hugh Carey of New York, one of the leaders of the Irish-American community in the U.S., is hoping to chair a meeting between senior British and Irish Ministers on Northern Ireland in New York in September.

Mr. Carey told a press conference that Mr. Humphrey Atkins, the Northern Ireland secretary and Mr. Michael Kennedy, the Republic of Ireland's Foreign Minister, had agreed to what he called a "peace party".

The Northern Ireland Office informed last night that Mr. Atkins had been invited by Mr. Carey to New York when the meeting in London last week. Mr. Atkins said he would certainly consider the possibility.

The Rev. Ian Paisley, leader of Ulster's Democratic Unionists, said he would cease all communication with Mr. Atkins if he opened negotiations with people outside Northern Ireland.

### Business

**Gold \$51 down; silver declines**

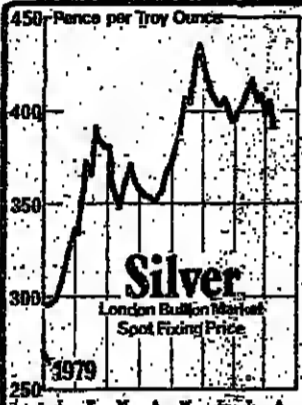
● **EQUITIES** held steady, with changes largely reflecting special situations, and the FT ordinary index closed 2.1 up at 459.5.

● **GILTS** were little changed, with the Government Securities Index 0.09 down at 72.70.

● **STERLING** fell sharply on the announcement of July's Wholesale Price Index, and the pound lost 3.05 cents to \$2.2390. Its trade-weighted index fell from 72.4 to 71.5, while the dollar's eased to \$4.5 (\$4.6).

● **GOLD** fell \$51 to \$282 1/2 in London.

● **SILVER** prices declined with the spot quotation cut by \$3.5p to 390.2p an ounce. Page 23



### Alijackers give in

Three armed deserters from the Spanish Legion surrendered to Swiss police at Geneva Airport after arriving from Lisbon aboard the liner, they hijacked in the Canary Islands on Sunday.

### Stonehouse move

John Stonehouse, the jailed former Labour Minister, will be freed on parole next Tuesday after serving less than half of a seven-year sentence for theft, fraud and deception.

### Refugee dilemma

The British Foreign Office will be required to consider whether Britain has a responsibility for 122 Vietnamese refugees on board, said a Hong Kong Government spokesman.

### Iranian ban

Iran has imposed a two-month ban on foreign journalists visiting the country following Revolutionary Council anger over critical reporting of the regime. Three people, including one connected with oil pipeline sabotage, have been executed.

### DC-10 campaign

Donald Douglas, maker of the DC-10, has begun a worldwide advertising campaign to restore customer confidence in the aircraft following the crash in Chicago in May which killed 73 passengers and crew. Page 6

### Inquiry decision

John Nott, the Secretary for Trade, has decided not to hold a public inquiry into the accident to a Dan-Air HS-748 aircraft at Sumburgh Airport, Shetland, on July 31, which killed 7 of the passengers and crew aboard.

### Health bosses

The Government has appointed five commissioners to take over the duties of the 33 members of the Lambeth, Southwark and Lewisham Area Health Authority. Health bosses, who were suspended after they voted not to cut pending by £5m to stay within government limits. Page 5

### Hannel champ

Larcus Hooper, from Kidbrooke, south London, whose 12th birthday was on July 14, became the youngest ever hannel swimmer less than 24 hours after the title had been claimed by 12-year-old South African Kevin Anderson.

### Briefly...

Members of the print union NABE returned to work at Times Newspapers after accepting a new operating agreement, which had threatened to shut villages on the slopes of Mount Etna in Sicily, has tipped flowing.

### Chief price changes yesterday

Prices in pence unless otherwise indicated

RISES		FALLS	
Gold and Silver	45 + 3	Saatchi and Saatchi	119 + 6
Stocks	242 + 10	Sound Diffusion	125 + 7
Oil	70 + 4	Stocklake	82 + 4
Bank (M.)	154 + 6	Stocks (J.)	170 + 15
Bank (F.)	134 + 6	Stylo	205 + 10
Bank (S.)	62 + 6	Sunley (B.)	490 + 5
Bank (I.)	247 + 6	Wilson Walton	18 + 3
Bank (E.)	247 + 6	BH South	103 + 5
Bank (A.)	247 + 6	Bank of India	88 - 4
Bank (C.)	247 + 6	Bank of China	34 - 8
Bank (H.)	247 + 6	Bank of Communications	153 - 10
Bank (I.)	247 + 6	Bank of East Africa	32 - 3
Bank (K.)	247 + 6	Bank of India	325 - 9
Bank (L.)	247 + 6	Bank of China	325 - 9
Bank (M.)	247 + 6	Bank of Communications	325 - 9
Bank (N.)	247 + 6	Bank of East Africa	325 - 9
Bank (O.)	247 + 6	Bank of India	325 - 9
Bank (P.)	247 + 6	Bank of China	325 - 9
Bank (Q.)	247 + 6	Bank of Communications	325 - 9
Bank (R.)	247 + 6	Bank of East Africa	325 - 9
Bank (S.)	247 + 6	Bank of India	325 - 9
Bank (T.)	247 + 6	Bank of China	325 - 9
Bank (U.)	247 + 6	Bank of Communications	325 - 9
Bank (V.)	247 + 6	Bank of East Africa	325 - 9
Bank (W.)	247 + 6	Bank of India	325 - 9
Bank (X.)	247 + 6	Bank of China	325 - 9
Bank (Y.)	247 + 6	Bank of Communications	325 - 9
Bank (Z.)	247 + 6	Bank of East Africa	325 - 9

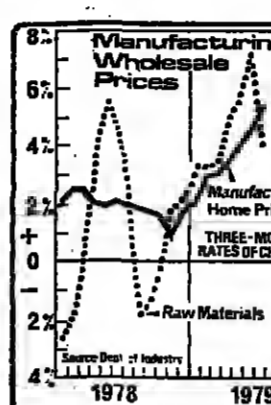
## UK manufactured goods show sharp price rises

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

THE prices of British manufactured goods are now rising rapidly following the big increases in labour and raw material costs since the winter. The main impact on shop prices should be felt before the end of the year.

The wholesale prices index, published yesterday by the Industry Department, confirms that the inflation outlook would be much worse but for the strength of sterling since the spring. This has offset some, though not all, of the effects of the big rise in VAT after the Budget will, however, show up in the retail prices index due to be published at the end of next week.

This is expected to indicate a rise in the 12-month rate up in more than 15 per cent in mid-July compared with 11.4 per cent in the previous month. The 12-month rate of retail price inflation is expected to rise to between 16 and 17 per cent by the end of the year. Its trend thereafter will depend on the next pay round, on the level of sterling and on the impact of the price recession on commodity prices.



The big rise in VAT after the Budget will, however, show up in the retail prices index due to be published at the end of next week. This is expected to indicate a rise in the 12-month rate up in more than 15 per cent in mid-July compared with 11.4 per cent in the previous month. The 12-month rate of retail price inflation is expected to rise to between 16 and 17 per cent by the end of the year. Its trend thereafter will depend on the next pay round, on the level of sterling and on the impact of the price recession on commodity prices.

It is possible that these influences will in combination restrain inflation next year and the worst pressures may therefore already be in the pipeline. The recent rapid increase in the price of manufactured products has partly been the result of the big pay deals of the past year but it may also reflect a bunching of rises following the end of price controls as companies have sought to improve or maintain their profit margins. The key to the recent acceleration is the sharp rise this year in raw materials costs. There was practically no change last month in this index at 164.7 (1975=100) but the June index has been revised sharply upwards to take account of the back-dating of the rise in crude oil prices.

**WHOLESALE PRICES (1975=100)**

	Raw Materials	Output (Home Sales)
1978 1st	140.2	149.2
2nd	146.3	151.8
3rd	144.9	154.8
4th	147.1	157.3
1979 1st	152.2	161.4
2nd*	161.3	168.0
Apr.	158.4	165.5
May	161.0	167.7
June*	164.5	170.8
July*	164.7	174.5

\* Provisional. Source: Department of Trade

of the sharp rise in the dollar price of many commodities, particularly oil. The cost pressures are reflected in a 2.2 per cent rise last month in the price index for manufactured products to 174.5 (1975=100). This is the largest monthly rise for more than two years and roughly half the increase is explained by higher prices for petroleum products. The acceleration in inflation is highlighted by comparisons of the 9.1 per cent jump in this index in the last six months and the 4 per cent rise in the previous half-year. Moreover the wholesale price indices exclude value-added tax.

Continued on Back Page

## Backing for engineering strike above expectation

BY GARETH GRIFTHS, LABOUR STAFF

THE RESPONSE yesterday to a call for a one-day national strike by members of the Confederation of Shipbuilding and Engineering unions appears to have been much greater than expected by engineering employers.

Mr. Terry Duffy, president of the Amalgamated Union of Engineering Workers, said he thought more than 2m workers had taken part. There had been an overwhelming support, he claimed.

Unless the companies concede an £80 a week minimum rate, the confederation could not rule out either a protracted strike or selective local action, he added.

Backing for the strike was strongest in the West Midlands, as expected. Support there was described as 100 per cent. There was some confusion because many engineering companies had been on holiday last week.

The motor vehicle industry was strongly hit except for BL component plants at Cowley and Swindon. But the main assembly works at Cowley was shut and work at BL's Austin Morris and Jaguar Rover Triumph plants was halted.

The North-west also showed a strong response, although on Merseyside the effect was less than it might have been because of company holidays. The major engineering works in Wales stopped production.

Reaction to the strike call in Scotland was patchy, particularly in the West, where many workers were on holiday.

The Engineering Employers' Federation is more concerned with its effects on production of the week-long overtime ban affecting 1,000 of its member companies, which it says is more damaging than yesterday's strike.

The federation described the strike as "widely but reluctantly" supported. It said companies had remained open in Wolverhampton, Glasgow and the North-east.

It was unable to assess the full effects and extent of the strike, particularly in the smaller engineering companies.

Mr. Anthony Frodsham, the federation's director general, said a great deal of production was lost. Many people had lost a day's pay for reasons which were unclear to them. He said the federation believed it was a fair basis for a pay settlement.

Mr. Duffy said last night the number of companies conceding the confederation's claim had risen to 100.

## Russia in move to build VWs

BY JONATHAN CARR IN BONN

VOLKSWAGEN, West Germany's largest motor vehicle manufacturer, is holding talks with the Soviet Union and Czechoslovakia aimed at reaching licensing agreements with both countries.

The company said yesterday that the Russians wished to build VW's Passat model under licence and the Czechoslovaks wanted to install the engine of the VW Golf in their Skoda cars.

It would not comment on a report in the magazine Der Spiegel that Moscow was prepared to pay DM 250m (£80m) for its licence and Prague DM 150m. The talks, it said, had been in progress for a long time and their outcome remained uncertain. If the agreements were reached they would be the first of their kind between VW and an Eastern European country.

Similar negotiations involving the famous VW Beetle model had been held with eastern European countries before 1975, when Herr Toni Schmuecker became VW's chairman, but they came to nothing.

Now it is believed that the Soviet Union is looking for a replacement for its ageing Moskvitch vehicles. A licensing agreement would give it access to the technical expertise involved in one of VW's biggest selling models.

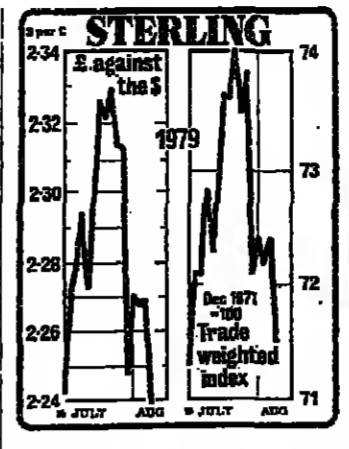
Only last year VW agreed to deliver 10,000 Golfs to East Germany in a barter deal under which it was to receive automotive parts, machine tools and other items in exchange.

However, it is emphasised that this time only licensing is involved—not construction of vehicles or engines in West Germany for sale or barter to the East.

In theory this might appear a potential threat to German jobs—either through loss of construction work in the relatively near future or through competition from the completed models from the East in future years.

However, VW's business is booming. Last month it confirmed that its spending programme over the next three years would amount to DM 8.9bn, the bulk of it in West Germany, but with expansion in the U.S. and Mexico too.

The impact of the oil price increases appears to make a final decision on a second VW plant in the U.S. more urgent. The company clearly feels that U.S. demand for its petrol-saving smaller models will intensify.



## Sterling falls by 3c.

BY PETER RIDDELL

STERLING FELL sharply yesterday against all major currencies in what amounted to a second stage of the unwinding of speculative positions begun last Tuesday.

The trigger for the renewed pressure was the announcement of a larger than expected rise in UK wholesale prices last month. The result was that the pound, which had been fairly steady until the early afternoon, quickly dropped by more than three cents against the dollar.

Dealers reported a wave of selling, particularly from the U.S., where there has recently been active trading in sterling on the Chicago currency future market. The Bank of England may have intervened occasionally to steady the rate.

The pound closed in London 3.05 cents down at \$2.2390, slightly above the day's low. This compares with a four-year high of \$2.3355 10 days ago.

The sterling trade-weighted index yesterday dropped by 0.9 points to 71.5, its lowest level since mid-July and 3 1/2 per cent below the recent peak following a rise of nearly a tenth in six weeks. Sterling has also fallen sharply against the main Continental currencies. The pound yesterday dropped from DM 4.16 to DM 4.09, a decline of 3 1/2 per cent in the last week. Against the French franc the rate dropped from FF 9.66 to FF 9.51 for a fall of 3 1/2 per cent in the same period.

**£ in New York**

	Aug. 5	Previous
Spot	152.2685-8695-92, 2740-2760	
1 month	0.54-0.60 dis 0.64-0.65 dis	
3 months	1.77-1.71 dis 1.80-1.78 dis	
12 months	5.15-5.05 dis 5.15-5.09 dis	

**Lex Back Page Money Markets Page 19**

## Peace plan an insult —Muzorewa

BY TONY HAWKINS IN SALISBURY

BISHOP ABEL MUZOREWA, Zimbabwe Rhodesia Prime Minister, yesterday attacked the British peace initiative approved by the Commonwealth Conference as an insult and totally unfair in demanding fresh elections.

The Bishop revealed that the team of observers sent by Mrs. Margaret Thatcher to the April elections, led by Lord Boyd, had concluded not only that the poll was "free and fair" but that it had been conducted "under democratic principles."

"It is therefore totally unfair and, in fact, an insult to the electorate and the Government of this country to suggest that they meant absolutely nothing and that we have to start all over again," the Bishop said.

In spite of these comments, the Bishop welcomed "certain positive elements" in the outline plan. He stressed that he wanted to see clarification and details of many other points before giving his considered reaction.

He would deal with specific proposals in detail once these had been relayed to him by the British Government. Mr. Derek Day, UK envoy in Salisbury, called on the Bishop yesterday.

Senior Government officials remain highly sceptical of the latest initiative.

It is pointed out that the plan is similar in outline to the unsuccessful one put forward by Dr. Henry Kissinger three years ago.

The Commonwealth plan seems destined to revive all the old disputes over the control of the security forces during a "transitional" period. David Buchan adds from Washington: President Jimmy Carter has told Mrs. Thatcher that the peace initiative is "a significant step forward" and has the strong support of the U.S. Britain's partner in Rhodesia diplomacy over the past two years.

The plan is being clearly labelled in Washington as a British initiative, but the Carter Administration was closely consulted while it was drafted in Lusaka over the weekend.

State Department officials attach particular significance to the fact that Nigeria, Africa's biggest states, and two Front-line countries, Zambia and Tanzania, have rallied to the plan. They have implicitly dropped their previous position that the Patriotic Front guerrillas were the sole legitimate representative of the Zimbabwe people.

Criticism by Mrs. Thatcher of the new Salisbury Constitution also brings the position of the British Government more into line with the U.S. Administration, which has fought off Congressional attempts to lift U.S. trade sanctions on Zimbabwe Rhodesia, until inequities such as entrenched rights for whites are removed.

Editorial comment Page 14  
Lusaka diary Page 2

## Thatcher defends Lusaka agreement

BY DAVID PALMER AND MARTIN DICKSON IN LUSAKA

MRS. MARGARET THATCHER yesterday launched the next stage of her Rhodesia initiative—to convince both the Salisbury Government and Conservative opinion in Britain of the merits of the Commonwealth agreement on Rhodesia.

Defending the agreement in Lusaka, Mrs. Thatcher said that the British Government has faced two particular problems over Rhodesia—how to end the war and how to get international recognition for the country.

"More recognition or even restoration of legality by one nation as such, would not necessarily have brought about an end to hostilities," she said.

Mrs. Thatcher went on saying that if Britain had gone it alone in recognising Rhodesia, she did not think that "in the end it would have been very much help to Rhodesia. It would still have left her isolated, it would have left us isolated."

The Frontline states, she said, were just as anxious as Britain to bring an end to hostilities. As for the Muzorewa Government in Salisbury, she hoped that when it looked at the initiative as a whole, it would gain confidence in it.

Other points that emerged from the Prime Minister's Press Conference included:

Continued on Back Page

## Condensed Balance Sheet (as of March 31, 1979)

ASSETS	In thousands of £		In thousands of U.S.	
	1979	1978	1979	1978
Cash and Due from Banks	91,484,638,946	57,083,359	95,049,472,422	64,238,849
Call Loans	86,984,407	406,041	658,354,545	3,145,507
Securities	1,884,671,580	8,049,078	708,064,321	3,383,014
Loans and Bills Discounted	7,133,785,041	34,084,023		
Foreign Exchanges				
Due from Foreign			138,648,161	853,837
Correspondents a/c, Cr.	101,397,806	484,462		
Foreign Bills of Exchange Bought	278,083,662	1,333,462	2,180,886	10,277
Foreign Bills of Exchange Sold				
Foreign Bills of Exchange Receivable	246,290,538	1,176,734	719,583	3,438
Domestic Exchanges				
Settlements a/c, Cr.	160,355,782	766,163	147,474,182	704,607
Bank Premises and	747,240		156,468,838	747,586
Real Estate	156,297,294		35,537,495	189,782
Other Assets	74,465,570	356,774	52,573,942	250,253
Customers' Liabilities for Acceptances and Guarantees	1,197,947,757	5,723,582		
Total Assets	112,804,628,344	580,219,916		
LIABILITIES				
Deposits			95,049,472,422	64,238,849
Call Money			658,354,545	3,145,507
Storowed Money			708,064,321	3,383,014
Foreign Exchanges				
Correspondents a/c, Cr.			138,648,161	853,837
Foreign Bills of Exchange Sold			2,180,886	10,277
Foreign Bills of Exchange Bought				
Domestic Exchanges			719,583	3,438
Settlements a/c, Cr.			147,474,182	704,607
Accrued Expenses			156,468,838	747,586
Unearned Income			35,537,495	189,782
Other Liabilities			52,573,942	250,253
Reserve for Possible Loan Losses			67,851,961	419,742
Reserve for Retirement Allowances			37,353,136	178,515
Other Reserves			32,203,678	158,641
Acceptances and Guarantees			1,197,947,757	5,723,582
Total Liabilities			112,803,632,335	580,785,650
CAPITAL FUNDS				
Capital (Paid-up)			938,100,000	5425,705
Legal Reserves			22,007,996	105,150
Other Reserves			189,083,013	903,431
Total Capital Funds			1,149,190,909	5,534,286
Total Liabilities and Capital Funds			112,804,628,344	580,219,916

Figures shown are expressed in U.S. dollars at the current rate of \$269.30 as of March 31, 1979.

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**CONTENTS**

Third World poverty: why the solutions are so difficult to find	14	Nigeria: emerging Government	3
Air travel: OPEC forces the airlines to think again on pricing	15	West German investment in the U.S.: the wage and currency arguments	21
Management: the costly race to mine the sea bed commercially	11	Editorial comment: the Rhodesia proposals; wholesale prices	14
European steel: Bonn's way forward	2	Lombard: David Fishlock on jobs and the coming microchip revolution	12
Nicaragua: a second Cuba?	4		

American News	4	FT Actuarials	24	Stock Markets:		World Trade News	4
Appointments	9	Int'l Cos.	20, 21	London	24	World Value	19
Apprs. Advs.	8, 9	Leader Page	14	Wall Street	22	ANNUAL STATEMENTS	
Arts	13	Letters	15	Bourses	11	Amul Amer. Cm.	7
Base Rates	22						



EUROPEAN NEWS

Romania defends curbs on E. Bloc drivers

BY LESLIE COLTIT IN BERLIN AND PAUL LENDVAI IN VIENNA

ROMANIA'S LEADER, President Nicolae Ceausescu, has warned against attempts to "interfere in the internal affairs" of his country in an interview that has been interpreted as justifying his move banning East European motorists who cannot pay for Romanian petrol with hard currency.

favoured holiday country for East Germans. While Poland, Czechoslovakia and Hungary have permitted their citizens to circumvent Romania by entering Yugoslavia, East Germany is afraid to follow suit, fearing that many of its citizens would use the detour to defect.

which failed to sign relevant agreements after the measures were announced. However, the agencies report that they were given insufficient time.

Romanians argue that allowing East Europeans to buy petrol for non-convertible currencies is an intolerable burden on its economy.

W. German fears on defence fuel

By Our Bonn Staff

WEST GERMAN defence chiefs, concerned that rising fuel costs could eventually damage the country's military effectiveness, are considering a wide-ranging programme of energy-saving measures, according to Defence Ministry officials.

Although there is no immediate prospect of fuel shortage — the Armed Forces have fixed supply contracts with the oil companies and have built up substantial stocks — the rising cost of petrol, of aircraft fuel and of light heating oil is forcing the Services to re-think their approach to energy consumption.

The Bundeswehr, Western Europe's most highly mechanised army, has a fuel allocation of about DM 500m (£128m) for this year. It is already evident that this amount will be insufficient unless further conservation measures are taken soon.



M. Rene Monory

French oil imports bill up by 13%

By David White in Paris

THE COST of France's oil imports rose by nearly 13 per cent in the first half of this year to FF 31.2bn (£3.21bn), a rate surpassing the Government's original forecast, even before the latest price increases decided by the Organisation of Petroleum Exporting Countries (OPEC).

M. Rene Monory, Economy Minister, confirmed at the weekend that the higher prices were expected to add between FF 15bn and FF 15bn to France's oil bill for the year.

Spanish unions hostile to state inflation-linked wages proposal

BY ROBERT GRAHAM IN MADRID

THE MAIN Spanish trade unions have given a hostile reception to Government proposals to adjust wages against inflation. The leading trade union, the Communist-controlled Confederation of Workers Commissions (CCOO) has issued a thinly-veiled warning that the Government can now expect a "hot autumn".

The public sector and loss-making companies are the largest employers, while several of the more profitable companies contrived to exceed the 14 per cent guideline. The 14 per cent guideline imposed for 1979.

include this form of indexation in the decree published last December that laid down wage guidelines for 1979. According to the decree, wages could be revised if the half-year consumer price index rose by more than 8.5 per cent. It has risen 7.3 per cent.

Pilots critical over Dutch Tenerife crash tribunal

BY CHARLES BATCHELOR IN AMSTERDAM

AIRLINE PILOTS in the Netherlands are disturbed at the "superficial" way a Dutch aviation tribunal handled its investigation into the world's worst air disaster, which happened at Los Rodeos Airport, Tenerife. The tribunal stated over the main question of why an experienced KLM pilot attempted to take off without permission, the Dutch Association of Commercial Air pilots said.

have acted differently. The tribunal completely ignored the critical point, the fatal action of the KLM pilot, Mr. Frits van Vlienen, a spokesman for the pilots, said.

Saudi fund to lend Turkey £108m

By Metin Munkir in Ankara

THE SAUDI Development Fund is to lend Turkey \$40m Saudi rials (£108m) over the next three years for the financing of "some economic development projects," according to an agreement published in the official gazette here yesterday.

AS THE WEST GERMANS RESTRUCTURE... 'BIG IS BEAUTIFUL' A blend of optimism and despair

BY ROGER BOYES IN BONN

THE LATEST, somewhat Delphic, message from the West German steel industry is an uncomfortable blend of optimism and despair: business may well have to get worse before it gets better.

totalled DM 226m on a turnover of DM 2,566m. It is clearly going to be difficult to convince its shareholders and workers that the pangs it is going through now will pay off in the long run.

system of recommended production levels and minimum prices. The German fear was that France, Britain and Italy would not use this much-heralded "breathing space" to modernise their steel industries and that the prospect of rising demand and better prices would lead them to defer radical cut-back plans.

cutback of capacity has sometimes had painful social consequences. Klockner for example has shed well over 1,000 employees during the past business year. While other major producers have not taken quite such drastic steps, short-time working is widespread.

This is not just academic counsel. West Germany has been carrying out substantial restructuring on its own account, involving an investment of more than DM 30m with more than 200 converters and two foundries. At the same time, mass steel facilities at Neunkircher Eisenwerke and Voelklingen are to be closed between 1981 and 1983.

production was running at 53m tonnes. How then has the German steel industry, still the most efficient in the European Economic Community, been coping with the crisis? The order of the day, it seems, is to cut back capacity, try out new energy-saving and labour-saving technology, develop special steels and diversify into steel-related manufacturing sectors.

Government support for depressed regions, such as the Saar and Ruhr, and for steel-related industries has somewhat undermined the Communist party's free market claims. The exact scope of industrial subsidies benefiting German steel producers is impossible to calculate but Government support for coking coal — the fuel of the steel industry — alone is expected to total about DM 750m this year.

Although this process of contraction has historically been less violent in its social and political effects than in other European countries, the unions last winter showed that their patience is not unlimited.

But what has all this meant in the short term? Last year Roelzing Burbach's group losses

German steel companies were initially a little suspicious of the Davignon scheme, which among other things limits low-priced imports from third countries and stabilises the European market through a

As in Britain and France, the

investment in new processes is



Herr Franz-Josef Strauss

Ostpolitik assurance by Strauss

By Jonathan Carr in Bonn

HERR Franz Josef Strauss, freshly returned from leading a group of more than 200 Bavarians on a semi-official visit to Hungary, has emphasised he would aim at an Ostpolitik of "bonest partnership" if elected West German Chancellor next year.

In a radio interview, Herr Strauss was at pains to explain that if he came to power his policies would not lead to a serious deterioration of relations with the Soviet Union and Eastern Europe as some of his critics in the Government parties allege.

He stressed that a government led by him would respect the treaties with the East concluded by Bonn over the last decade, although he felt the pact had been poorly negotiated. He noted that the federal German constitutional court had banned down a judgment involving very precise interpretation of the treaty texts — and that would be adhered to as well.

Herr Strauss, Prime Minister of Bavaria and recently chosen by the Opposition parties as his candidate for the Chancellorship in next year's elections, has stressed that his trip to Hungary was in large measure a normal event.

However, quite apart from Herr Strauss' reputation of toughness towards Eastern Europe, the sheer size of his group was bound to attract unusual interest. It included 14 of the 17 Bavarian Ministers and State Secretaries, most of the 129 parliamentarians of Herr Strauss' Christian Social Union Party, as well as numerous friends and assistants.

Herr Strauss had a lengthy talk with Mr. Janos Kadar, the Hungarian Communist Party leader — and now evidently believes that an invitation may soon emerge to visit Moscow (albeit with a somewhat smaller delegation).

Herr Strauss said he believed that if leading Soviet statesmen could alter their attitude to Germany as a whole — East and West — then a new dawn could emerge for Russians and Germans and the peoples between them.

Fraser takes the centre of Lusaka stage

BY DAVID PALMER AND MARTIN DICKSON IN LUSAKA

THE star turn at this year's Commonwealth Conference has been Mr. Malcolm Fraser, the Australian Prime Minister. The leading players — Margaret Thatcher and Lord Carrington, Kenneth Kaunda of Zambia, Julius Nyerere of Tanzania and the astably optimistic Sonny Ramphal, the Commonwealth Secretary-General, have been content to work behind the scenes.

But on every day of the conference, Malcolm Fraser has been right out there on centre stage. On day one of the conference, it was Malcolm Fraser who secured for himself the invitation to reply to President Kaunda's opening address. He used it for a serious and strongly worded attack on racialism.

On day two, it had originally been planned that the Malaysian Prime Minister, Datu Hassan Bin Onn, would open the Vietnam debate. When he failed to turn up in Lusaka, the lot fell on Malcolm Fraser, who left by at Vietnam.

In the afternoon, the subject was the world economy. The man billed to lead off the debate, Malcolm Fraser, with a well-constructed speech reminding the conference of the "political will and vision which inspired the Marshall Plan," and the "sombre prospects" which could ultimately threaten the world's "social cohesion."

Two major speeches in one day — the Australian Press Friday was Rhodesia day. Mr. Fraser could not believe his luck. Fraser had played a valuable and widely applauded role in the run-up to the conference in helping to pave the way towards a consensus. Once in Lusaka, he spent a busy three days in bilateral (and well publicised) juddles with the key participants to the dispute.

At an informal dinner on Friday night, Sonny Ramphal put together an inner group of six as the focus for the weekend Rhodesia discussions. There was no doubt who was going to represent the "old" Commonwealth. Malcolm was right in there, while Joe Clark of Canada, who, to put it at its kindest, is somewhat fresh to the international scene, preferred to spend the weekend horse-riding and visiting Victoria Falls.

But Malcolm Fraser's finest hour was still to come. Through out Sunday, there were nods and winks going round Lusaka. And that, as history will note, is just what happened. A the Australian High Commissioner's residence in Lusaka the hungry heads of state approved the communique with only the faintest of murmurs. Mr. Fraser helped them all to a good dinner.

By 11.00 p.m. on Sunday night the duplicating machine were rolling out copies of the document. Malcolm Fraser, world statesman, Australian-style, arrived on stage, he seemed, whether his performance makes any dent in his dismal showing in the Australian domestic opinion polls.

A pat on the back for Mrs. Thatcher

BY ALL accounts, Mrs. Margaret Thatcher has made a remarkably favourable impression on other Commonwealth leaders during the Lusaka conference, exercising both charm and tact to gain the confidence of African leaders who regarded her with open hostility only a week ago.

Journalists yesterday had their first opportunity to see Mrs. Thatcher the Commonwealth diplomat in action, when she gave her first Press conference in Lusaka. It was a remarkably relaxed and good-humoured performance. Mrs. Thatcher displayed none of the ire she sometimes shows when faced with a difficult question.

With an agreed communique on Rhodesia in the bag three days before the end of the conference, she could afford to be pleased and to "pat myself on the back a little".

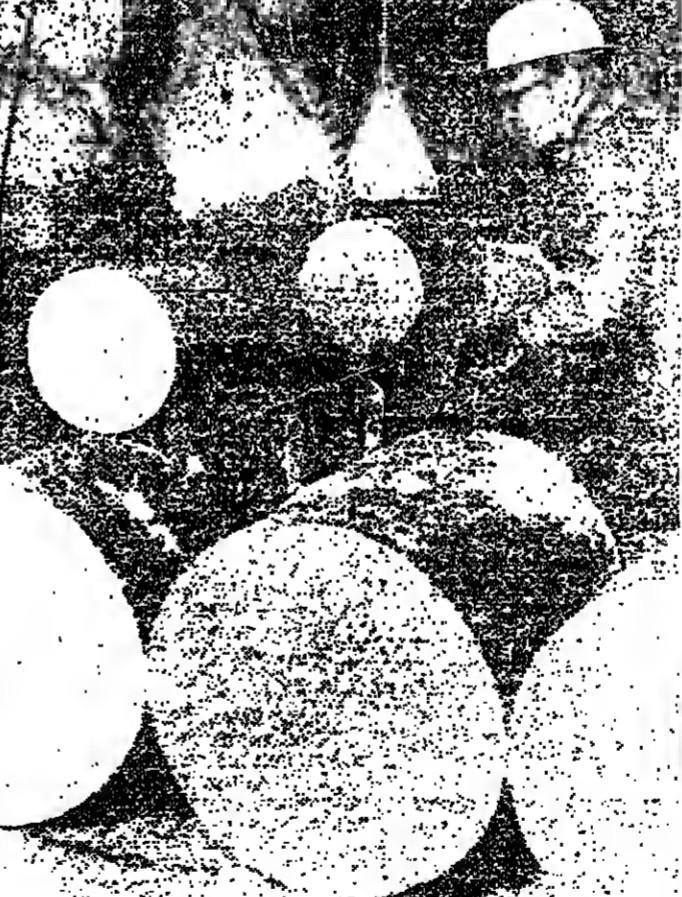
"It wasn't half bad," Mrs. Thatcher declared. "Worth coming to Lusaka for." The Prime Minister's main concern was to convince both the Press and Tory backbenchers that the Lusaka agreement represented no change in government policy, and was in the best interests of Rhodesia. She even quoted from the Conservative Party election manifesto as she argued that her line on Rhodesia had been up and down.

Africaners, she was told, believed her attitude had softened since her House of Commons speech last month. Was this so? Mrs. Thatcher replied there was an "astounding consistency" between the Commonwealth communique on Rhodesia and that speech. "But then, I was never as hard as they thought," she added.

She was full of praise for other people who had helped make the Rhodesia debate a success, including Mr. Sonny Ramphal, a "superb" Commonwealth Secretary-General, and President Kaunda of Zambia — a man who at the start of last week's delivery of a scathing attack on the Prime Minister.

Inevitably, journalists' questions returned again and again to whether Government policy on Rhodesia had changed, and how Mrs. Thatcher would cope with her back bench. She had achieved unity in Lusaka, but what about London? "Peter and I together will be able to cope," she replied. "Won't we?" she asked, turning to Lord Carrington, the Foreign Secretary, at her side. "Undoubtedly," he firmly replied.

There are known to be about 35,000 Ugandan refugees in south Sudan, mainly Moslems who fled with Amin's army.



Blanks for railway wheels being sawn from large-diameter steel rod before pressing at a West German steel works.

a task worth taking. It has recently completed a DM 51.5m re-equipment programme which provides for the continuous casting of special steel billets.

By cutting out two stages in the normal casting process, backing up the process with new rolling mills, Korf-Stahl hopes to save as much as DM10p a tonne. Although much will depend on the price of scrap, the process represents a considerable commitment to higher value special steels.

Smaller companies have not had the funds available to develop completely new processes from scratch to meet the demands of the crisis. But, by applying processes tested and tried in the U.S. and then introducing them to Europe, companies such as the Korf-Stahl group have managed to survive. Five years ago, Korf

Amin invasion threat discounted by diplomats

BY JOHN WORRAL IN NAIROBI

DIPLOMATS in Nairobi and Kampala are highly sceptical about Ugandan President Godfrey Binaisa's warning in Lusaka that former President Idi Amin is poised in attack Uganda from Sudan with an army of 30,000.

The diplomats believe President Binaisa is putting this scare forward as an incentive to President Julius Nyerere of Tanzania to leave more troops behind in Uganda.

Amin's army was soundly defeated in Uganda, and most of his troops abandoned their arms before they fled into Sudan, said one U.S. diplomat. "Besides, it is extremely unlikely that President Numeiri of Sudan would allow such an expedition to be launched from his territory, in spite of his





# Israel-U.S. rift sours Palestine autonomy talks

BY DAVID LENNON

AN AIR of near crisis envelopes the latest talks on Palestinian autonomy, which got under way in Haifa yesterday. The rift between Israel and the U.S. on the Palestinian issue soured the atmosphere, and the Jordanian and Israeli participants appeared to be struggling to find common ground. Yesterday night's preliminary meeting between the heads of the Israeli and Egyptian delegations left both men looking grim and tense. The full working session with the Americans yesterday morning concentrated on key issues such as the status of Arab-East Jerusalem, legislative powers or the autonomous regime, and

voting rights for Palestinians living outside the occupied territories. Dr. Yosef Burg, the Minister leading the Israeli team, appeared far from optimistic and spoke of substantive difficulties in the negotiations. The wide gap between the Israeli and Egyptian concepts of autonomy for the occupied West Bank and Gaza Strip came sharply to the forefront at this fifth meeting at ministerial level. Four other meetings were held between officials of the three parties. Looming large in the background was what the Israelis claim to be open American support for the Egyptian

position. This had led in the past week to angry criticism from Jerusalem, which was also disturbed by other American expressions, seen by Israel as indicating a U.S. shift towards the Arabs on a number of issues. Nonetheless, after the morning session, some of the Israeli Ministers insisted that progress had been made, and that the feared breakdown of the talks was unlikely. The negotiations continued last night and two further working sessions are scheduled for today. The Egyptian delegation is due back in Cairo tonight.

# Equatorial Guinea to free political prisoners

PARIS — Lt-Col. Theodoro Obiang Nguema Mbasogo, the apparent new strongman of Equatorial Guinea after a weekend coup, has decided to free all political prisoners, according to the state radio. Since independence from Spain in 1968, Equatorial Guinea had been decimated by the "terror" rule of President Francisco Nguema, the broadcast said. "The villages have been abandoned, misery has taken hold, arbitrary arrests have become normal procedure, assassins claim 50 or 60 victims each day for imaginary plots," the radio said.

"People of Equatorial Guinea, a sombre page of history has just been turned," the broadcast said, but it gave no indication of the fate of President Nguema. The 57-year-old President was reportedly arrested on Friday night in his home village of Nongomo and replaced by a military junta. Col. Mbasogo was Vice-Minister of Defence before the coup. AP

# Mark Webster reports from Lagos on Nigeria's first election in 15 years

## A game of political musical chairs

ALTHOUGH ALLEGATIONS about ballot rigging and other malpractices have yet to be cleared up, the shape of Nigeria's future civilian government is now emerging. Nigeria's 48.5m registered voters were asked to choose a U.S. style government led by an executive president in the country's first general election for 15 years.

After a four-week election marathon, the voters have selected 95 senators, 449 members of the House of Representatives, 1,347 members of the State Houses of Assembly and a governor for each of the 19 states. Only the key position of president remains to be decided and voting for that will take place on Saturday. If there is no clear winner on the first ballot there will be another next week.

There have been minor variations in turnout and voting patterns for the four elections, but a number of important features have remained consistent throughout: turnout was low, never exceeding 35 per cent, there was a predominance of block voting along ethnic lines, and personalities and parties were more important than ideologies in all the elections.

Each of the five parties secured its own ethnic base without any serious opposition from any of the others. But there was keen competition among them for the support of the floating voters in the states of Gongola, Kaduna, Kwara, Cross River and Rivers. These states are either minority tribes or part of the big three ethnic groupings in the north, the west and the east, or they are divided in their loyalties between different parties representing the same ethnic group.

It is already clear that no one party will have anything like a majority in either of the Federal Assemblies—the Senate or the House of Representatives. Commentators here are divided over whether that will prove a benefit or a disadvantage. Some argue that while no single party has a majority, no single geographical area can dominate the others. Others contend that the way will be wide open for coercion of any kind to secure a majority vote on anything.

In Nigeria, with its history of "dirty politics" and vote-buying before the military took over in 1966, the commentators say there is bound to be corruption on a grand scale as parties try to win a favourable vote. On the other hand, some will say that is an unnecessary pessimistic



Only the successor to Gen. Olusegun Obasanjo (above), Nigeria's head of state, remains to be elected to complete Nigeria's first civilian Government for 15 years

mistic view which ignores the past 13 years of consolidation and development under the military and the memory of a bitter civil war caused by ethnic confrontation. In support of the pessimists' view there is certainly an eerie familiarity about some of the goings on over the past few weeks. Much as in pre-1966, the biggest single party is northern based, in this case the National Party of Nigeria (NPN), led by its Presidential candidate Mr. Alhaji Shehu Shagari. Thanks to its strength in the north, the NPN easily secured the States of Sokoto, Niger, Benue and Bauchi. But it also took the governorships of Kwara and Cross River.

Next came the Unity Party of Nigeria (UPN) led by the veteran politician Chief Obafemi Awolowo. The UPN is the party of the western States and it "walked" the elections in Oyo, Ogun and Lagos as well as taking the lion's share of the votes in Bendel State where the UPN won the governorship.

The Nigerian People's Party (NPP), led by the country's first civilian President, Dr.

Nnamdi Azikiwe, held the Oyo heartland of Ibo and Anambra. It also asserted its hold on Plateau State where it won over the gubernatorial race. Of the two smaller parties the Great Nigeria People's Party (GNPP) had a strong showing in Borno, the home State of its Presidential candidate Mr. Alhaji Waziri Ibrahim, while the People's Redemption Party, led by Mr. Alhaji Aminu Kano, won his own home State of Kano and took the governorship of Kaduna.

The five floating states were split as follows: Gongola, between the GNPP, the UPN and the NPN; Kaduna, between the NPN and the NPP; Kwara, between the UPN and the NPN; Cross River, between the NPN and the GNPP; and Rivers between the NPN and the NPP. The same divisions apply to all the elections except the governorship, where there can only be one victor.

What was most noticeable from the voting patterns was the relatively wide spread of the NPN's support. Despite being essentially a northern party, the NPN has managed to win voters throughout the

Federation and in most elections had more than 25 per cent of the vote in 12 states.

Although the party says it is disappointed with the poor showing which it received in some of the western and eastern states, the results are significant for the presidential elections. To be elected on the first round, a candidate must not only get the most votes, but must have more than 25 per cent of the votes cast in at least 13 of the states. Failing that, an electoral college composed of the two Federal Assemblies, along with the State Houses of Assembly will elect a President.

The respect of the NPN clinching a presidential victory on the first round sparked off a somewhat undignified game of political musical chairs among the other four parties, all of whom wanted to be in the seat of power when the music stopped. The rivalry with which alliances have been proposed, publicised and then abandoned has added to some people's fears that Nigeria is indeed returning to the dark ages of pre-1966 politics.

Leading the field in the alliance making have been Chief Awolowo and Dr. Azikiwe. At one stage Chief Awolowo even proclaimed a grand alliance between all four of the smaller parties. After a hasty round of consultations the idea was dropped. Meanwhile, Dr. Azikiwe has dubbed himself a "beautiful bride," whom all the parties are trying to win.

The alliance making has gone on despite the fact that there are noticeably wide divergencies in the programmes of the parties. For instance the PRP considers itself the most radical with its call for a real welfare state, while the UPN has the more limited objective of free education for all. The NPN, although it has joined the others in promising a better life for everyone, has been more moderate in its promises and favours an open market economy without too much state interference.

The acid test of all the parties will be the way they conduct themselves over the next few weeks. Commentators say that the real bargaining could start if the first round of the presidential elections proves inconclusive and the matter has to be decided by the electoral college. There would then be a great opportunity for any party which desperately wants the presidency to defy the will of the voters and buy its way into power.

THE STATE OF THE PARTIES

	NPN	UPN	NPP	PRP	GNPP
Senate	36	28	16	7	8
House of Reps	168	111	78	49	42
Houses of Assembly	487	333	227	144	155
Governors	7	5	3	2	2*

\* Provisional.

# Mauritania, Polisario peace pact

BY OUR FOREIGN STAFF

MAURITANIA has formally confirmed its withdrawal from the war over Western Sahara by signing a peace treaty in Algiers with the Algerian-backed guerrilla group Polisario. It has renounced all claim to the southern part of the former Spanish territory, which it took over in 1976.

The agreement, which came after three days of talks, institutionalises a situation which has existed on the ground for about a year. Though Mauritania nominally held the Tiris el Gharbia, the barren area is called, it had been effectively controlled by Polisario, which also dominates much of Northern Mauritania.

Although there are Mauri-

tanian troops in the Tiris el Gharbia, neither they nor the Moroccan troops also based there have taken any offensive action since July last year, when Polisario declared a truce. The agreement does not, however, lay down any timetable for troop withdrawals from the area.

The Mauritanian action in pulling out of the war has dangerously alienated Morocco, which took the northern and more valuable part of Western Sahara and which has 8,000 troops stationed in Mauritania. It has threatened to take steps "to ensure the security and peace" of the region once Mauritanian troops withdraw. However, it is not clear whether,

despite such threats, Morocco will try to take over the Tiris el Gharbia.

The Mauritanian action will not, however, mean an end to the war which has been going on in Western Sahara for three and a half years. There is, in effect, a stalemate between the guerrillas in the desert and the Moroccan army in the towns and settlements. In effect it is a war by proxy between Morocco and Algeria and neither side seems prepared to back down.

There have been frequent unofficial contacts between Rabat and Algiers since the beginning of the year in an attempt to break the deadlock. But there is still no sign of real change of heart.

# Kuwait oil cut 'only at planning stage'

Kuwait's intention to cut oil production by 500,000 barrels a day (b/d) from the present 2m b/d is just a plan, and needs Cabinet approval before it is carried out, according to Mr. Ali Khalifa Al-Sabah, Kuwait's Oil Minister. He told the daily Al-Qabas that instability in the world oil market prevented the plan being implemented at least for the time being.

# Iranian authorities execute three

Three more executions took place yesterday in two Iranian cities, bringing the total number of reported executions since last February to 380. AP reports from Tebran. The Islamic Revolutionary Court in the southern city of Ahadad condemned to death two Iranian Arabs in connection with explosions which affected gas and oil pipelines near the port of Bahshahr. In the central city of Isfahan, a state police official was executed by firing squad, after he was convicted of murdering anti-Shah demonstrators.

# Kabul quiet but people 'sullen'

BY SIMON HENDERSON IN ISLAMABAD

KABUL, capital of Afghanistan, was quiet yesterday after the army mutiny on Sunday which was quelled by loyal troops using helicopter gunships.

The pro-Soviet regime of President Nur Mohammed Taraki appeared fully in control, although the population was described as "sullen" and intimidated by the Government's show of force.

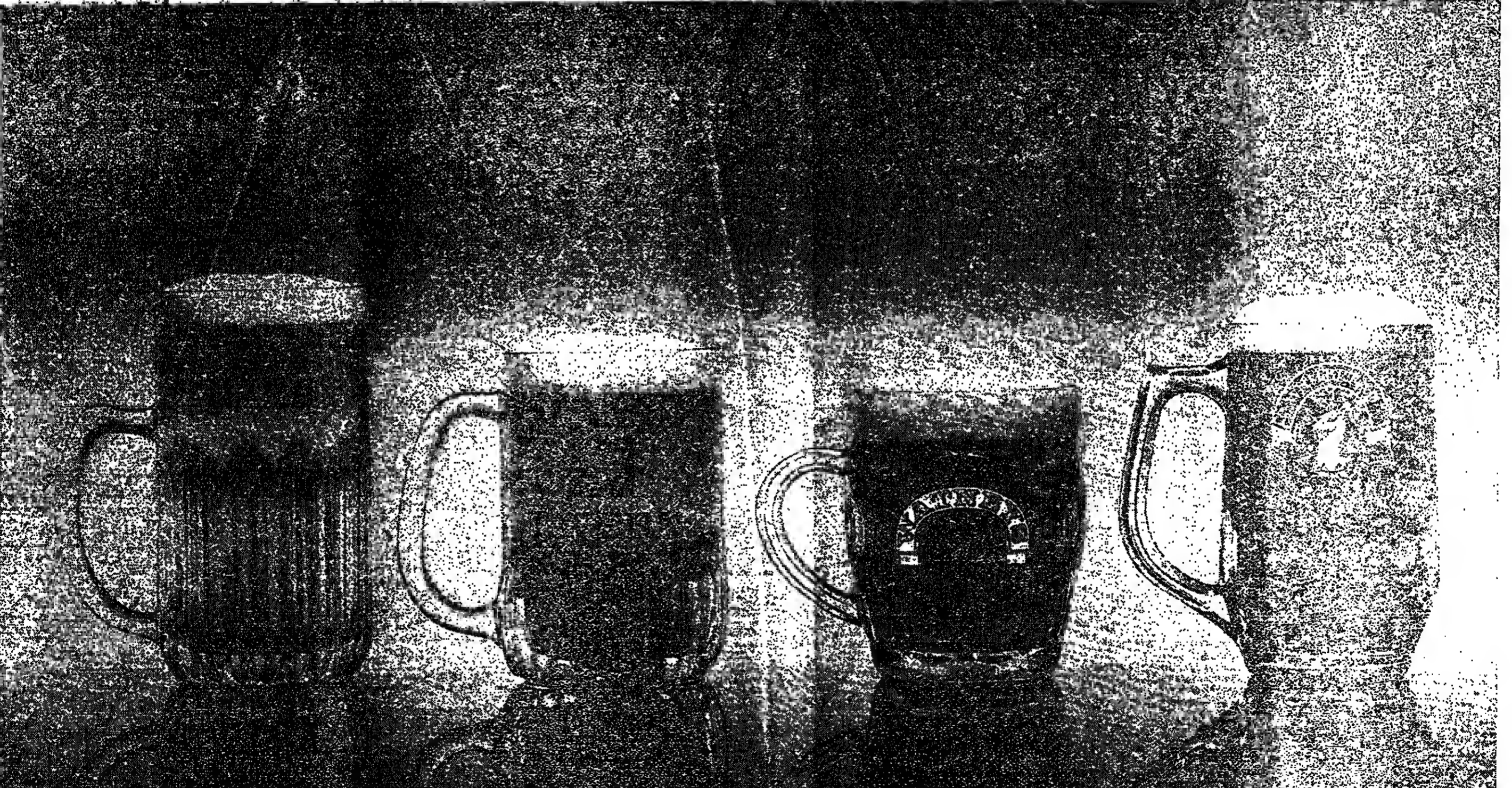
Leaflets were handed out and loudspeaker vans toured the city describing the incident as

the work of Iranian and Pakistani reactionaries. Diplomats maintained, though, that it was an army mutiny which, because of the tribal rebellion in the countryside, fore-shadowed growing problems for President Taraki's Khalq Party Government.

The mutiny appeared to fall because not other units joined in. The fighting seemed to be concentrated on the garrison in the Bala Hissar fort near the centre of Kabul. Explosions else-

where were interpreted as being measures to stop the mutiny spreading or part of an operation to mop up rebel soldiers who had escaped.

President Taraki's regime crushed the rebellion with notable vindictiveness. After the mutineers had failed to win control of the fort they tried to escape over the walls and into the surrounding hills, but were picked off by the helicopter gunships.



# Who builds the breweries where the brewers brew the beer?

A brewery is not a factory. It's a meeting place of traditional skills and modern technology. It has to be designed and built as an entity.

It's no coincidence that John Laing have been selected as the main contractors for four of the most modern breweries in Britain. The Whitbread brewery at Luton, the Harp brewery at Aiton, Watneys

London's brewery at Mortlake are all completed. The new Courage brewery by the M4 at Reading is well advanced, and the first pints of Reading-brewed John Courage should be drawn in 1979.

However, Laing are much more than specialist builders to the brewing industry. This advertisement could have been built round Laing's special

knowledge of building cathedrals, with Coventry Cathedral and the new Roman Catholic Cathedral of Clifton, at Bristol, to their credit. Or docks, constructed from scratch in the Middle East. Or hospitals. Or oil platforms.

More than 20,000 people give Laing this special knowledge in so many diverse fields of construction. Collectively,

they make Laing one of the biggest construction companies in the world. However, size in itself is no virtue. At Laing we believe that our strength lies not in our numbers but in our capability.

# LAING

make ideas take shape



AMERICAN NEWS

No early decision on Chrysler aid

BY JOHN WYLES IN NEW YORK

CHRYSLER Corporation seems likely to have to wait several weeks before it will know how much the Federal Government and the United Auto Workers union are prepared to help in relieving its severe financial problems.

Chrysler's claims that a delay of several weeks would not pose any critical problems. Mr. John J. Riccardo, Chrysler's chairman, affirmed last week that despite a half billion of \$290m, the company had enough short-term cash available through bank lines of credit to maintain operations.

Blumenthal, the outgoing Treasury Secretary, may have thrown some straws into the wind during a weekend television interview, when he appeared to favour a partial or complete takeover of Chrysler by a foreign company.

On Sunday, Mr. Douglas Fraser, President of the UAW, repeated that the company's agreement, made on Friday, for a two-year freeze on wage and benefit costs would be unacceptable to his 124,000 Chrysler members.

U.S. car sales show a mild recovery

BY OUR NEW YORK STAFF

DEMAND for new cars in the U.S. staged a mild recovery in July but this worked to the advantage mainly of importers, and to a lesser extent General Motors.

Table with 3 columns: U.S. CAR SALES, July 1979, July 1978. Rows include General Motors, Ford, Chrysler, Volkswagen, and Imports.

American Motors, the smallest U.S. car company, last month had a long series of monthly sales declines and delivered 10.5 per cent more units.

Preliminary figures point to an overall decline in sales of 4.7 per cent, compared with a 20.5 per cent drop in June. But whereas General Motors, Ford Motor Company and Chrysler Corporation saw their sales fall by 4.9 per cent, 20.2 per cent and 28.7 per cent respectively, foreign manufacturers boosted their sales by 17.6 per cent.

U.S. market, lower than the record 24 per cent in May but take just over 22 per cent of the significantly higher than the more traditional 18 per cent of July last year.

Altogether total new car sales in July amounted to about \$85,000 compared with \$92,000 a year ago. Imports climbed from 167,500 to about 196,500 while U.S.-built vehicles fell from 761,852 to 688,377.

Guyana bauxite strike deadlock

BY MUHAMMAD HAMALUDIN IN GEORGETOWN

TWO WEEKS of negotiations have so far failed to resolve a costly strike which has crippled Guyana's state-owned bauxite industry and almost stopped production.

three plants on July 23, when the Guyana Mine Workers' Union (GMMWU) ordered a full stoppage by its 5,000 members.

Guyana's reputation as a reliable supplier, as well as about the effects of any lengthening of the current dispute on the 1979 production.

NY mayor sacks his deputies

By John Wyles in New York



Mayor Koch

AS THE DUST begins to settle on a radical streamlining of New York City Government, it can be seen that Mayor Edward Koch may have handed President Carter an object lesson in how to handle sweeping administrative changes without incurring serious political liabilities.

The Mayor's unexpected announcement towards the end of last week that three of his seven Deputy Mayors would be leaving city government, that another two would be demoted and that he was appointing a new deputy with broad managerial powers, were several parallels to President Carter's Cabinet changes over the previous two weeks.

Somewhat like Mr. Carter, the Mayor felt that his personal impact on the large bureaucracy at his nominal command was less than it should have been.

But after 19 months in office, during which his personal popularity, unlike Mr. Carter's, has climbed steadily, Mr. Koch has concluded that his original structure based on seven deputy mayors of theoretically equal status often created administrative confusion.

Last week he wielded the surgeon's knife with speed and brevity and to the surprise of virtually all of his seven deputies. Three of them, Mr. Herman Badillo (Deputy Mayor for Policy), Mr. Philip Trumble (Inter-governmental Relations) and Mr. Phillip Tom (Finance) will leave the government by the end of the year, while two others, Mr. Ronny Messel (Administration) and Mr. Herbert Sturz (Criminal Justice) will relinquish their titles and assume somewhat less senior roles.

Chief beneficiary of the change is Mr. Nathan Leventhal, currently Commissioner of Housing, Preservation and Development, who will become Deputy Mayor responsible for co-ordination and management of the daily business of city government.

Although both the style and the substance of the Mayor's moves appear to have won general approval within the city, Mr. Koch is taking long-term risks. The departure of Mr. Badillo strips the administration of one of its sharpest political minds and of the leading representative of the city's Hispanic community.

WORLD TRADE NEWS

Go-ahead on Jordan water supply plan

By Rami G. Khouri

TWO AMERICAN consultants have been given the go-ahead to design an ambitious water delivery scheme in drought-hit Jordan.

Stanley Consultants and Boyle Engineering have teamed up to win a \$4m consulting job to design a water supply system that will pump 120m cubic metres of water every year from the Jordan Valley to the uplands around Amman. The water will have to be raised 1,200 metres from the valley floor to reach domestic and industrial users in Amman and north Jordan.

Design work should be completed by next May, with tenders for construction to be issued shortly afterwards, according to Jordan Valley Authority officials in charge of the project. Total construction cost is estimated now at around \$150m. The scheme should start operation in early 1983.

Jordan has suffered a drought over the past four years, and this year home water pumping has been cut back to once a week.

Total water consumption last year was around 480m cubic metres, most of which went into irrigation. But water supplies from underground aquifers have not kept up with demand, and underground water reserves are being depleted faster than they can be replenished by rain and surface water sources.

With total water demand expected to rise gradually to 1bn cubic metres a year by the end of the century, and maximum available supplies of water remaining constant at around 800m cubic metres when rainfall is good, Jordan is heading for severe water problems.

The new scheme to pump water to Amman from the Jordan Valley will use water that reaches the valley floor from the Maqarin Dam that is to be built on the Yarmouk River, along the northern border with Syria.

This dam is now in the design stage and will not be ready to start at least five years. King Hussein has ordered an emergency water delivery system to be installed to bring about 10m cubic metres of water a year to Amman from the Azraq oasis, 100 km east of the capital.

Chemical plants for Ireland

By Elaine Williams

TWO EUROPEAN groups are to set up pharmaceutical manufacturing in Ireland. The production of bulk pharmaceuticals by Cara Partners, a joint venture between Schwabe of West Germany and the French Beaufour group, will begin in October at Little Island in Cork.

Cara is investing £2.5m in the new plant and will employ 55 people, while Pilmar Pharmaceuticals intends to spend £2m in plant and equipment and hopes to employ 100 people within five years.

Pilmar, owned by a Swiss consortium, is to build a new factory at Little Island to make chemical intermediates used in the treatment of cardiovascular infections and nutritional deficiencies.

Spain's recently improved export finance capabilities have been born of necessity, as the domestic economy has slowed and driven manufacturing companies into export markets, some of which have proved equally difficult.

Soviet Union and China sign £241m trade accord

BY DAVID SATTER IN MOSCOW

THE SOVIET Union and China yesterday signed a trade agreement for 1979 providing for a trade turnover of about \$500 million (£241m).

The accord is a sign of improved relations between the two countries in advance of the opening of Sino-Soviet talks next month.

In past years, the annual trade agreement has been signed in early spring, but negotiations were postponed this year at the Soviet Union's request after China's border war with Vietnam.

The agreement took two months to negotiate and not all its constituent contracts have been signed but deliveries, particularly of machinery and equipment, have been under way for some time.

The value of trade called for this year is roughly the same as last year's when turnover came to 338.7m roubles (£233.6m) divided almost evenly between the two countries.

China's officials said the product breakdown is also to remain virtually the same, with the Soviet exporting machinery and equipment and importing fruit, cloth, silk and knitted wear.

Seven thousand public housing units, three schools, a health centre, mosques and civil defence stations are also planned as a Government enclave in the enclave. The contract for the new Foreign Ministry is expected to be let in November.

The total cost of the enclave is expected to be \$r5.5bn, according to Speerplan.

The contract is expected to herald a rush in Government orders since the Cabinet's decision last week to lift constraints on government spending.

In an attempt to keep a rein on spending—there was a \$4bn deficit last year—the Finance Ministry told other Ministries they could not enter into new contracts, even if letters of intent had been signed. This was also designed to allow the

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£47m Saudi contract announced after lifting of spending curbs

BY JAMES BUCHAN IN JEDDAH

A CONSORTIUM of Japanese, South Korean and local interests in Saudi Arabia has been awarded a \$48m Saudi riyal (£47m) contract to provide the infrastructure for the new diplomatic quarter on the outskirts of Riyadh, the capital. This follows the lifting last week of a two-month freeze on new Government spending.

Mitsubishi of Japan, Kuk Dong of South Korea and Ibrahim al-Rashid of Saudi Arabia received the contract on Sunday.

It covers electricity, water, sewage, roads and landscaping for the diplomatic enclave which is planned for 70 missions and 14,000 people by 1983.

A master plan for the enclave was completed last year by Snerception, of West Germany, and it will house by 1983 all the foreign missions and the Foreign Ministry now based in Jeddah.

Seven thousand public housing units, three schools, a health centre, mosques and civil defence stations are also planned as a Government enclave in the enclave. The contract for the new Foreign Ministry is expected to be let in November.

The total cost of the enclave is expected to be \$r5.5bn, according to Speerplan.

The contract is expected to herald a rush in Government orders since the Cabinet's decision last week to lift constraints on government spending.

In an attempt to keep a rein on spending—there was a \$4bn deficit last year—the Finance Ministry told other Ministries they could not enter into new contracts, even if letters of intent had been signed. This was also designed to allow the

its constituent contracts have been signed but deliveries, particularly of machinery and equipment, have been under way for some time.

The value of trade called for this year is roughly the same as last year's when turnover came to 338.7m roubles (£233.6m) divided almost evenly between the two countries.

China's officials said the product breakdown is also to remain virtually the same, with the Soviet exporting machinery and equipment and importing fruit, cloth, silk and knitted wear.

The agreement took two months to negotiate and not all its constituent contracts have been signed but deliveries, particularly of machinery and equipment, have been under way for some time.

Finance Ministry to boost revenue in the light of new production and price levels. New credit periods for customers agreed since the Budget.

The Finance Ministry yesterday that the Cabinet approved its revenue projections in light of the oil price increases but would not indicate if spending targets would be raised.

Saudi Arabia can now enjoy income well over \$800m in extra production since the third quarter.

But the Finance Ministry did say it had told Ministries they could spend their whole appropriation this year. Last year Ministries were originally restricted to 70 per cent of their budget although this did not prevent the deficit.

Fokker nears Airbus agreement

BY MICHAEL DDNNE, AEROSPACE CORRESPONDENT

FOKKER, the Dutch aircraft manufacturing group, is close to agreement on participation in the development of the Airbus A-310 version of the Airbus.

The company may take a 2 per cent stake in the 200-seat aircraft. It already has a 6.7 per cent share in the development and production of the bigger 250-seat A-300 Airbus.

But the deal still depends upon a satisfactory agreement between Fokker and Airbus over the problem of future aircraft types that Fokker may wish to build, which could rival new projects from Airbus Industrie.

Fokker is anxious to develop a short-haul twin-engine aircraft, the F-29, which although a much smaller aircraft than the 200-seat A-310 might nevertheless be regarded as a competitor in some markets.

More significantly, the F-29 would be a serious rival to any new 130-160 seat Joint European Transport (JET) aircraft that Airbus Industrie might want to build in the 1980s.

Fokker has been discussing the F-29 with various airlines, and wants to start design and development plans so that launching can take place later this year or in 1980.

Fokker wants to see that the Dutch Government would not transfer funds from F-29 development to the A-310 programme. At the same time, it would like to feel that any JET coming from Airbus Industrie would not immediately be seen to destroy the F-29's sales chances in world markets.

Airbus Industrie, on the other hand, cannot be expected to halt its JET plans just because Fokker is working on the F-29 and has a small stake in the bigger Airbus venture. But it could also adopt the F-29 as its JET design, if that aircraft proved suitable.

The French concern of Hutchinson Mapa was also expected to invest 20m riyals on a factory to make rubber gloves for export. Interest was also shown by C. Y. Parix of Helsinki for a factory to produce casing line for agricultural and building purposes, and the Frankfurt-based Gunda Metall Technik also was to send a team to set up a rubber mounting factory.

Nicaragua searches for unity after the revolution Forging and forgetting

BY WILLIAM CHISLETT

WILL NICARAGUA, in the wake of the revolutionary overthrow of General Somoza, become a second Cuba and so undermine the shaky stability of Latin American dictatorships, particularly Nicaragua's neighbours, Guatemala, El Salvador, and Honduras?

The question worries "hawks" in the U.S. Administration, but in Nicaragua itself there are far more immediate issues being discussed, as the country struggles to reconstruct itself after the seven-year war.

While comparisons between Fidel Castro's Cuba of 20 years ago and the Sandinista guerrilla victory in the

Nicaragua of today are tenuous, the question of national unity—was so broadly based, involving peasants, intellectuals, clergymen, businessmen, and was directed against one man, General Somoza, and his family's 46-year stranglehold over the country and was not a class war as such, that some comparisons with Cuba are slender.

There is an apocryphal story told of how Castro told Eden Pastora, one of the more moderate Sandinista leaders, that the best thing Cuba could do to help the Nicaraguan cause was to offer no help at all.

There is also a dogged determination to stick to the junta's moderate programmes for the establishment of a state-regulated economy, after five years of an economy dominated by one family in league with the military.

For the programme to be successful, the private sector will have to accept that lands and businesses will have to be far more socially productive. Already, the nationalisation of the bankrupt private Nicaraguan banks has been accepted by a political act. This augurs well.

U.S. and whether or not the Nicaraguan private sector responds to the changed circumstances will be determining factors.

The strong anti-U.S. feeling in Nicaragua, which stems from that country's unwavering support for the Somoza dynasty until it became clear that its days were numbered, will mean that the U.S. will have to eat humble pie. America will have to adopt a low profile if it is not to alienate the people further, and thereby radicalise the situation. The U.S. is ready to do all it can in help, to win back some scraps of credibility.

There is a tremendous sense of unity in Nicaragua, which everyone is anxious should not be broken. Mr. Tomas Borge has come out of his way to reassure the private sector that property will be respected and a pluralistic society created. Only Somoza's interests have been confiscated.

The spirit of forgiving and forgetting is equally impressive. Borge has called the Nicaraguan revolution the most "generous" in the world. None of the excesses perpetrated in Iran, after the overthrow of the Shah, have been committed in Nicaragua or the many captured warlords, guilty of abominable acts of barbarism.

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Chief beneficiary of the change is Mr. Nathan Leventhal, currently Commissioner of Housing, Preservation and Development, who will become Deputy Mayor responsible for co-ordination and management of the daily business of city government.

Although both the style and the substance of the Mayor's moves appear to have won general approval within the city, Mr. Koch is taking long-term risks. The departure of Mr. Badillo strips the administration of one of its sharpest political minds and of the leading representative of the city's Hispanic community.



Gen. Castro

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UK NEWS

Ulster to close Irish coin loophole

NORTHERN IRELAND banks will no longer change 50p, 10p and 5p pieces from the Republic of Ireland at par with British coins from the end of business next Monday.

The main reason for the move, which was announced by the Northern Ireland Bankers' Association in Belfast yesterday, is the exchange loss involved in accepting Irish coins at par.

The association estimates the loss at about £1m since the currencies split in April. The disparity in values between the punt and sterling has been just over a fortnight after the European Monetary System started in March with Ireland as a member while Britain remained outside.

Confusion was compounded because the four main banks in Northern Ireland—the Northern, Ulster, Provincial (subsidiary of the Allied Irish Bank) and the Bank of Ireland—have for long issued their own notes.

Mr. Balfour Founder, secretary of the Northern Ireland Bankers' Association, said: "We had a great deal of trouble getting shopkeepers to accept Bank of Ireland notes." They had always done so in the past but were now confused because the bank's name suggested that it should be the country's central bank, which it is not.

Now the situation is clearer. Virtually all shops, restaurants and public houses will accept Irish banknotes but at the rate of 10p for £1. The punt on foreign exchanges was leaping 91p yesterday.

Campaign to restore confidence in DC-10

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

McDONNELL DOUGLAS, the U.S. manufacturer of the DC-10 jet airliner, has begun a major world-wide advertising campaign to restore customer confidence in the aircraft. After the crash at Chicago in late May which killed 273 passengers and crew.

comes from the same high-technology team that helped to put men on the moon in the Apollo programme. McDonnell Douglas will not say how much the campaign is costing, but it is thought likely to be several million dollars.

McDonnell Douglas wants to ensure that it goes on selling the DC-10 through the 1980s, when it expects to pick up orders from new customers, add follow-on orders from existing customers.

W. German nuclear reactors significantly better, says study

BY DAVID FISHLICK, SCIENCE EDITOR

NUCLEAR REACTORS built by West Germany have performed significantly better than those built by any other country, according to an analysis of light water reactors built in the last 10 years.

The study, carried out at Imperial College, London, seems to have implications for the choice of an overseas partner to build a demonstration light water reactor in Britain. But it is understood that the electricity supply industry has already chosen a U.S. partner.

The study was made by Dr. Nigel Lucas, of the Department of Mechanical Engineering at Imperial College and an energy adviser to the House of Lords, and Mr. P. J. Thompson, now with Brown Boveri in Switzerland. They analysed the performance of 106 light water reactors in Europe, the U.S. and Japan.

The analysis was based on the figures for "capacity factor" filed by reactor owners with the International Atomic Energy Agency in Vienna.

Capacity factor is defined by the researchers as being the electricity (gross) produced by the reactor divided by the electricity capacity expected by its designer.

The researchers conclude that the performance of the 62 pressurised water reactors (PWRs) has increased strongly and continuously with time, but that boiling water reactors (BWRs) have developed far less well.

Their analysis discloses five key points in the performance of the reactors studied. First, there were significant differences between reactors made in different countries, with German plants showing markedly better capacity factors than those from other countries.

Second, there was some fall in performance with increasing size of the reactor. Third, there was a marked chance of a reactor improving with age.

The fourth point is the learning effect as reactor builders gain experience. Finally, the researchers demonstrate that there is still much room for improvement in reactor performance overall.

One problem they encountered was the difficulty of assigning a start-up date for some reactors, particularly those in Japan. The planners tended to withhold performance figures until the reactors were performing reasonably well. This could lead them to provide cumulative electricity figures covering more than one year of operation, giving capacity factors apparently in excess of unity for the first year of operation.

Age, size and learning effects in light water reactor operation, by N. J. D. Lucas and P. J. Thompson, Department of Mechanical Engineering, Imperial College, London SW7, £100, (1979, 1980).

Petrol tax rise 'unnecessary'

THE GOVERNMENT was told yesterday by the Royal Automobile Club that even if it abolishes the 50c excise licence it should be unnecessary to increase the petrol tax.

In a letter to Sir Geoffrey Howe, Chancellor of the Exchequer, the RAC said the recent budget increases in motoring taxes were expected to produce about £855m more a year.

This it said was about the same as the amount needed from extra petrol tax to compensate for the abolition of

vehicle excise duty. Mr. Jack Williams, RAC policy committee chairman, said: "This will raise the total revenue from motoring taxes to about £66m a year, whereas the Government's current spending on the new trunk road system is only about £10m at a level of about £500m. Therefore, it should still be intended to abolish the vehicle excise duty; there should be no further increase in petrol tax."

At present about half the price of a gallon of petrol is excise duty (47p) and Value Added Tax.

The RAC said it felt that in any event petrol tax should be reduced as soon as possible, because the burden of motoring taxation was excessive in relation to Government spending for motorist's benefit.

The Labour Government's proposals to abolish vehicle excise duty were met with vigorous opposition by road transport groups. Mr. Norman Fowler, their recent Transport Minister, has said that instead of going ahead with Labour's plans he will be reviewing the whole operation of the tax.

LABOUR

Civil servants weighting increased

BY OUR LABOUR STAFF

CIVIL SERVANTS working in London are to receive increased weighting allowances back-dated to April 1, implementing an accurate updating of the former Pay Board's report of 1974.

About 100,000 civil servants, working in inner London, defined as up to a five miles radius from Charing Cross, will receive £780 a year. About 50,000 civil servants in outer London, for staff employed in miles from Charing Cross, will be paid a £325 allowance.

Previous allowances had stood at £524 per year for inner London and £275 for outer London. The settlement will be financed out of existing cash limits.

Mr. Bill Kendall, the secretary-general of the staff side of the Civil Service National Whitley Council said the settlement represented an accurate updating, using official Employment Department figures, of the Pay Board's 1974 report on London weighting.

Rates had not been correctly adjusted last year because of income policy restraints and the refusal of the last Government to permit arbitration. The April 1 settlement date had also been protected by the new settlement.

TV clash coming to a head

BOTH SIDES involved in the independent television pay dispute indicated yesterday that it was coming to a head after the three unions concerned had rejected a 15 per cent offer.

The Independent Television Companies' Association, representing the 15 commercial stations, wrote last Friday to the National Association of Theatrical, Television and Film Employees, the Electrical, Electronic, Telecommunication and Plumbing Union, and the Association of Cinematograph, Television and Allied Technicians, threatening to suspend their members who were not working normally.

Two television companies, Yorkshire and Harlech, have already suspended their technicians. Harlech did so on August 3 and Yorkshire yesterday. Both maintained a service although Harlech had to drop its coverage of the Welsh National Eisteddfod.

Mr. Jack O'Connor, the ACTT's national independent television officer, complained that the companies had not been negotiating seriously. He said no meeting had lasted more than 10 minutes.

The ACTT has not mentioned a percentage figure in its claim but estimates that the shortfall in pay is 27.2 per cent. It is prepared to take its case to an outside body for examination. The Advisory, Conciliation and Arbitration Service has been closely watching the situation but has not been asked to intervene.

Perkins key men walk out

PRODUCTION at the Perkins diesel engine plant in Peterborough is threatened by a strike of 140 key workers. They are all engine fitters who refuse to accept new technology until they get more pay.

They walked out yesterday after being told to report for work on a new £2m test cell which will streamline procedures for testing 1,000-hp, marine and farm machinery engines which leave the plant daily, mainly for export.

Negotiations over a new pay deal involving 100 engine fitters have broken down. But the company sent out letters saying that they intended to operate the new facility.

The strike started as the men returned to work after their two-week summer holiday. A prolonged standstill will halt production lines. Finished engines will not be able to leave the factory.

The management said last night: "140 men simply walk out. The company informed them of their intention to ask specified individuals to attend a training session in connection with the new test cell complex. Other work areas have not been affected so far."

Earlier this year, production at the plant, which is one of the world's biggest producers of diesel engines, was halted for five days when 7,000 workers came out on strike over a pay claim.

Chancellor to see union on Customs staff cut

BY GARETH GRIFFITHS, LABOUR STAFF

A MEETING is to be arranged this week between Sir Geoffrey Howe, Chancellor of the Exchequer, and representatives of the Society of Civil and Public Servants to discuss union grievances over Government cuts to the Customs service.

The union yesterday asked the Chancellor for a meeting this week. Some of its members have been working to rule since Saturday to protest at plans to cut 1,800 customs jobs this year. Their action is planned to last two weeks.

A Treasury spokesman said last night that Sir Geoffrey wanted to meet union representatives soon. The SCPS met the Chancellor at the beginning of July before the cuts were officially announced.

Union officials will tell the Chancellor that the cuts will leave the UK open to widespread Customs evasion. Seizures of contraband goods, one third of them drugs, have more than doubled since the work-to-rule began.

The SCPS will repeat its argument that staff cuts will reduce the Treasury revenue. Miss Judy McKnight, national officer for the union's customs section, said that at their last meeting the Chancellor had seemed prepared to accept revenue loss rather than change his policy on Civil Service cash limits.

About 6,000 Customs officer members of the union and 2,000 clerical staff of the Civil and Public Services Association are involved in the work-to-rule. The SCPS called the effect last weekend "spectacular" and said it was pleased with the support it got.

Miss McKnight said she thought the public was becoming more sympathetic to the Customs officers' case. The action had demonstrated the union's belief the UK was wide open to smuggling.

She hoped the Chancellor would show that he shared the union's concern over Customs evasion and reconsider the proposed cuts. The Customs and Excise Department has stopped recruitment since April. It was the first department to introduce specific plans for a 3 per cent reduction in Civil Service staffing.

Delays at airports and ports are not expected to be serious during the week. Yesterday passengers experienced minimal delays, most of which were blamed on heavy holiday traffic.

The Department of Customs and Excise last night said that more contraband had been seized since the work-to-rule began but attributed part of the increase to a peak holiday period.

ICI workers may accept 15%

BY OUR LABOUR STAFF

ICI manual workers were believed yesterday to have voted to accept a pay offer worth more than 16 per cent overall.

With more of the votes counted, members of the Transport and General Workers' Union are thought to have accepted the offer by about three to one. Members of the General and Municipal Workers' Union are understood to have accepted by about three to two.

The final result of the ballot should be known tomorrow. The negotiations have been difficult partly because the unions have been attempting to agree on pay differentials and competing claims between general and craft unions.

The craft unions, however, are also thought to be on the point of accepting. The company's offer, which covers 50,000 workers, would give 12 per cent increases to the lowest grade and 18 per cent to the highest, ranging from £8.94 to £13.63 a week.

The unions said yesterday that further settlements in chemical companies covered by the industry's national agreement which ended in June.

Unions have instructed local negotiators to ensure deals above the national claim. But negotiations with some companies have been difficult, and some shop stewards may request powers to call industrial action.

The craft unions, however, have suspended their innovative working parties while they try to clarify the Government's view of "industrial strategy."

Strike by 8,000 at Pilkington

A 24-HOUR strike by 8,000 Pilkington workers will take place today in support of a pay claim. The process workers at the UK's biggest glass manufacturer have rejected an overall 15 per cent offer with rises in basic rates of between 11 and 12 per cent.

On Thursday 34 senior convenors from Pilkington plants in St. Helens, Scotland, Yorkshire and Wales are meeting in St. Helens.

David Warburton, General and Municipal Workers' national officer, said: "There is a possibility of them considering further action."

"The company is saying, 'We have made an offer and we are not going to be moved.' I am still anxious to sit down and negotiate but they show no signs of doing so."

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David Warburton, General and Municipal Workers' national officer, said: "There is a possibility of them considering further action."

"The company is saying, 'We have made an offer and we are not going to be moved.' I am still anxious to sit down and negotiate but they show no signs of doing so."

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# Small businesses criticise planners

FINANCIAL TIMES REPORTER

**LOCAL AUTHORITY** policy towards small businesses has been criticised in a report submitted to the Association of Independent Businesses in the Greater London Council.

The report recommends greater flexibility in local authority planning policy. It claims the GLC's priority should be to recognise the importance of smaller companies when designing planning and rating policies.

Planners should abandon their preference for all-out redevelopment, and the preference for zoning localities for single uses, says the Association.

Businesses begin from the home should be recognised and encouraged, greater use should be made of old premises, zoning restrictions should be minimised and based on the criteria of actual disturbance. The classification planning decisions should be speeded up, and local authorities should be discouraged from building up and retaining large land banks.

The Association says that one way of ensuring a better response by local government to small business needs would be to follow the national Government's example in appointing a small business minister to co-ordinate the work of various relevant departments.

But it is strongly against any local government initiatives either to provide finance or information for small businesses. It considers that this would be an ill-advised use of public funds.

The Association does not believe that local authorities have the ability to pick successful ventures. It feels that authorities would, on occasions, resort to political criteria instead of commercial sense when selecting recipients for funds. It is also concerned over the "decided risk of growing competition between various levels of government to attract a finite number of businesses using ever more generous offers of public money."

# Construction outlook bleak

BY MICHAEL CASSELL

THE RECOVERY in output by the construction industries in 1978 will not be maintained this year or next, according to the latest joint forecasts from the Building and Civil Engineering Economic Development Committees.

Total output last year rose 7 per cent, the first annual increase since 1973, but prospects have "taken a turn for the worse," largely because of the reduction in planned public expenditure.

The committees say that public sector housing will be worst affected in the construction sector. They suggest that the decline in public house-building will continue throughout the rest of 1979 and in 1980 although it may stabilise in 1981, implying a 47 per cent reduction in output since 1978.

Public housing starts—including those made by new towns and housing associations—fell from a peak of 174,000 in 1975 to 107,000 last year. The committees expect work to begin on 90,000 public sector homes, at most, during 1979. Next year, and the year after they forecast only 65,000 starts.

Completions this year, they say, should reach 110,000 against 131,000 in 1978, falling to 100,000 in 1980 and to 85,000 the following year.

In private housing about 20,000 fewer starts are predicted for 1979, compared with the 1978 total of 157,000—the highest annual figure recorded since 1973.

The committees say that their last forecast for 1979 of about 145,000 is unlikely to be achieved, largely because of fiscal and monetary measures in the Budget. Such an annual output would call for an average of more than 13,000 starts a month during the rest of the year and there was no hint of that.

But with expectations that the building societies next year will be able to improve on their 1978 lending programme, the committees predict that private housing starts in 1980 will rise by 5,000 to 140,000, with a further increase to 150,000 in 1981.

In the public sector, excluding house building, two further years of decline are expected, with output this year repeating the 1978 fall of 3 per cent and falling by 4 per cent in 1980.

The committees say that although the Budget cuts may have little immediate impact on construction, except on water and sewerage schemes, further and larger cuts outlined by the previous Government seem inevitable, and this assumption has been built into their projections. Civil engineering is expected to suffer more than ordinary building.

responsibility for the industry's overall improvement in performance in 1978—are expected to rise 4 per cent this year, remain stable in 1980 and rise 2 per cent in 1981.

Mr. Richard Hermon, director-general of the National Council of Building Material Producers, said yesterday that unless the continuing decline was halted, the industry's ability to meet any upsurge in demand could be jeopardised.

Construction Forecasts—1979-80-81. Building and Civil Engineering EDCs, HMSO and NEDO Books, Steel House, 11 Tothill Street, London, SW1, £3).

# Call to speed sales of petrol by metrication

FINANCIAL TIMES REPORTER

BECAUSE OF the rising price of petrol the Motor Agents Association has asked the Metrication Board to try to speed up metrication of forecourt pumps.

Most pumps cannot record prices higher than £1.99 a gallon. Some, whose limit is 99p, show prices in half-gallons.

As the limitation affects more than half Britain's 100,000 pumps the Metrication Board is to seek support for the change from oil companies and equipment manufacturers. Oil companies have been invoicing garages in litres for the past two years.

# Gloom over textiles despite higher output

BY RHYS DAVID, TEXTILES CORRESPONDENT

PROSPECTS are gloomy for Britain's clothing and textile industry, say manufacturers—in spite of high levels of activity in many sectors and optimistic forecasts from retailers.

This is one of the main conclusions of the latest CBI-NEDO survey of trends in the industry—a quarterly exercise aimed at providing manufacturers with an overview of developments throughout the textile field, from the processing of raw materials to the shops.

The main loss of confidence in manufacturing is over export prospects, with all 20 sectors covered—ranging from shirts and dresses to worsted weaving and man-made fibres—more pessimistic about the future.

## Orders

Most describe their export order book as below normal.

This pessimism contrasts both with the findings of the last survey and with the state of trade reported elsewhere by manufacturers. All end-product sectors—those supplying finished goods to the shops—

report a rise in the present volume of new orders. More than half the upstream sectors—those making yarn and fabrics—make a similar comment.

Most sectors also report increased output, and all end-product sectors and a majority of upstream sectors expect output to continue to improve.

Skilled labour shortages rather than sales or orders are also seen in the end-product areas as the most likely constraint on output.

As in other recent surveys, the retail sector remains relatively optimistic. The sector has been benefiting for more than a year from a high level of consumer expenditure. It is expecting this to continue as a result of higher incomes in the autumn, when lower levels of tax and higher wage settlements come through.

In spite of retailers' predictions of good levels of trading, manufacturers expect their order books to worsen, leading to reductions in output. They appear to be gearing down accordingly.

# Food industry 'misses European opportunities'

BY DAVID CHURCHILL, CONSUMER AFFAIRS CORRESPONDENT

BRITAIN'S FOOD and drink industry has become less competitive since Britain joined the EEC, according to an article in the National Westminster Bank quarterly review.

The article, by Mr. John Nicholls, of Bath University School of Management, says that Britain joined the EEC with the second largest food industry in the world after the U.S.

He went on saying that this made the UK food and drink industry self-confident, and meant it looked forward to a prosperous future both in the UK and Europe. But far from prospering, profitability slumped and severe cash flow difficulties were experienced.

The article suggests that, despite some successful exporting of convenience foods, many of the opportunities which seemed to be present before accession now appear to have gone, and the UK industry is almost certainly less competitive in an EEC context today, than it was in 1972.

Opportunities lost by UK companies, according to the article, include import savings in the meat and dairy sectors. Best sugar has prospered at the expense of cane sugar as expected, but the margarine industry has not been able to expand as expected because of EEC and UK Government intervention on behalf of butter, the article says.

Mr. Nicholls also suggests that the UK industry's production efficiency has been brought into question since the UK joined the EEC. He concludes that the blame does not largely lie with the EEC's institutions but with the UK's domestic recession, intense competition in grocery retailing, and UK Government intervention.

THE WEAKNESS of the dollar is now threatening the future of newsprint production in the UK. Both Bowater and Reed, the two British manufacturers, have warned customers that they may be forced to withdraw from the market and these warnings do not seem exaggerated.

This is especially the case with Bowater. It is the larger of the two, producing 225,000 tonnes a year, most coming from its plant in Ellesmere Port. In the first half of this year, newsprint has lost the company £1.45m; over the past five years, the division has had an indifferent record.

For Dr. Ingram Lenton, the chairman of Bowater UK, it is particularly galling to see losses, for he has put Ellesmere Port in the top 25 per cent of the world's paper mills' efficiency league, and pays tribute both to workers and management.

Reed is less hard hit, since it has something of a protected market in Mirror Newspapers, and uses a lower cost raw material, waste paper. But it, too, has made losses on newsprint and appears determined not to go on doing so.

## Currency clause

Both producers have been hit by the operation of a currency clause, to which they reluctantly agreed to in 1977, which has forced them to return to their customers up to £50 a tonne (on a posted price of £255 a tonne) as the dollar sank against the pound.

For the Canadian suppliers—whose currency is even weaker than the U.S. dollar, now standing at C\$2.70 to the pound—the currency clause has been no problem, and they have made large profits, and have been able to keep prices down. Last month, the British producers gave up the unequal

struggle and raised their new prices. Bowater coming out at £238.68 a tonne and Reed at £238.50. The Canadian suppliers have raised, too: the bulk of them starting to rebate at a higher dollar/pound price—\$1.95 compared with \$1.75 in the original agreement—while International Paper kept to the \$1.75 but put up the posted price, from which the discount is deducted, to £285. This made all Canadian prices about £210-£215.

So far, the Scandinavians have remained impaled on the original agreement, though their currencies, too, have strengthened against the dollar and most will admit that they are not doing well. Mr. Ian Fidler, deputy managing director of Lamco, the company which handles the interests of most Finnish suppliers in the UK, goes as far as to say they are "bleeding." Everyone expects a tourniquet, in the

form of a price rise, to be applied soon, especially since the Scandinavian mills cannot keep pace with UK demand.

It may be, however, that the Scandinavians will hold prices for the rest of the year, and even when they raise them, may still substantially undercut UK producers' prices. What will happen to Reed, and more especially to Bowater?

## Response

The purchasers of newsprint—the big newspaper groups—are now mulling over their response. Some believe that price should rise: newspapers have problems enough without paying higher prices than they need, and if that means no UK production, so be it.

Others believe that self-interest is better served by looking beyond short-term price factors. They argue that if Bowater and Reed are forced

to close newsprint mills—which they accept is a strong possibility—UK newspapers will be wholly dependent on foreign suppliers, who might then combine to force up prices. Lacking a domestic counterweight, the users would be forced to pay up.

Avoiding this means, of course, paying more for UK newsprint, and making sure the orders to UK mills continue at viable levels. It is unlikely that the Government will intervene directly—though some users believe that a request to newspapers from Government to buy British might be a help.

The effects of closure would be unpleasant. Bowater has the bulk of its production in Ellesmere Port, where little else but newsprint is produced. Closing that plant would put 2,000 workers on the dole in an area of already high unemployment; the company reckons that a further 2,000 might be affected

in supply industries. Further, the loss to the Forestry Commission, from which Bowater buys its wood pulp, would come out at £15m, and put the commission into loss. Bowater's production contributes £35m to the balance of payments.

## Laid off

It is less easy to quantify the effect at Reed, since the two mills where newsprint is made, at Aylesford and Gravesend, Kent, both make other paper products as well. More than 2,000 workers employed there would be affected, and many would have to be laid off, if newsprint were lost.

Both producers' newsprint capacities would seem to depend on calculations now being made by their customers. They should know by the end of the year how essential they are deemed to be.

# BMW Review. A streamlined concept for achievement.

BMW's financial year 1978 was highlighted by continued growth and record earnings. This achievement was a direct result of the Company's streamlined concept for its highly successful model range. More than 320,000 cars and around 27,000 motorcycles were sold around the world.

BMW was again able to strengthen its market position both at home and abroad, with a substantial 14% increase in overall exports, which account for 51% of total sales. In the US, BMW achieved record sales delivering 17% more cars than in 1977. In 1978/79, three new sales subsidiaries were added to the Company's global network in Australia, Austria, and the Netherlands.

## Six-cylinder range in great demand

Production of the new generation of six-cylinder engines was increased considerably and a 77% unit for 61% of all BMW cars sold in 1978 as against 30% the previous year.

At the same time, the 7-series luxury sedans captured a rapidly growing number of quality-conscious buyers.

## Research and Development

During 1978 BMW announced the Turbo-diesel engine, and the ETA unit, both advanced designs with fuel economy as paramount objective. New braking systems, including the ABS (anti-blocking system) are part of BMW's ongoing efforts to set new standards in safety and performance. In motor sports BMW recorded new successes in both touring and Formula 2 racing. The entire model range benefits from the experience gained testing under these extreme conditions.

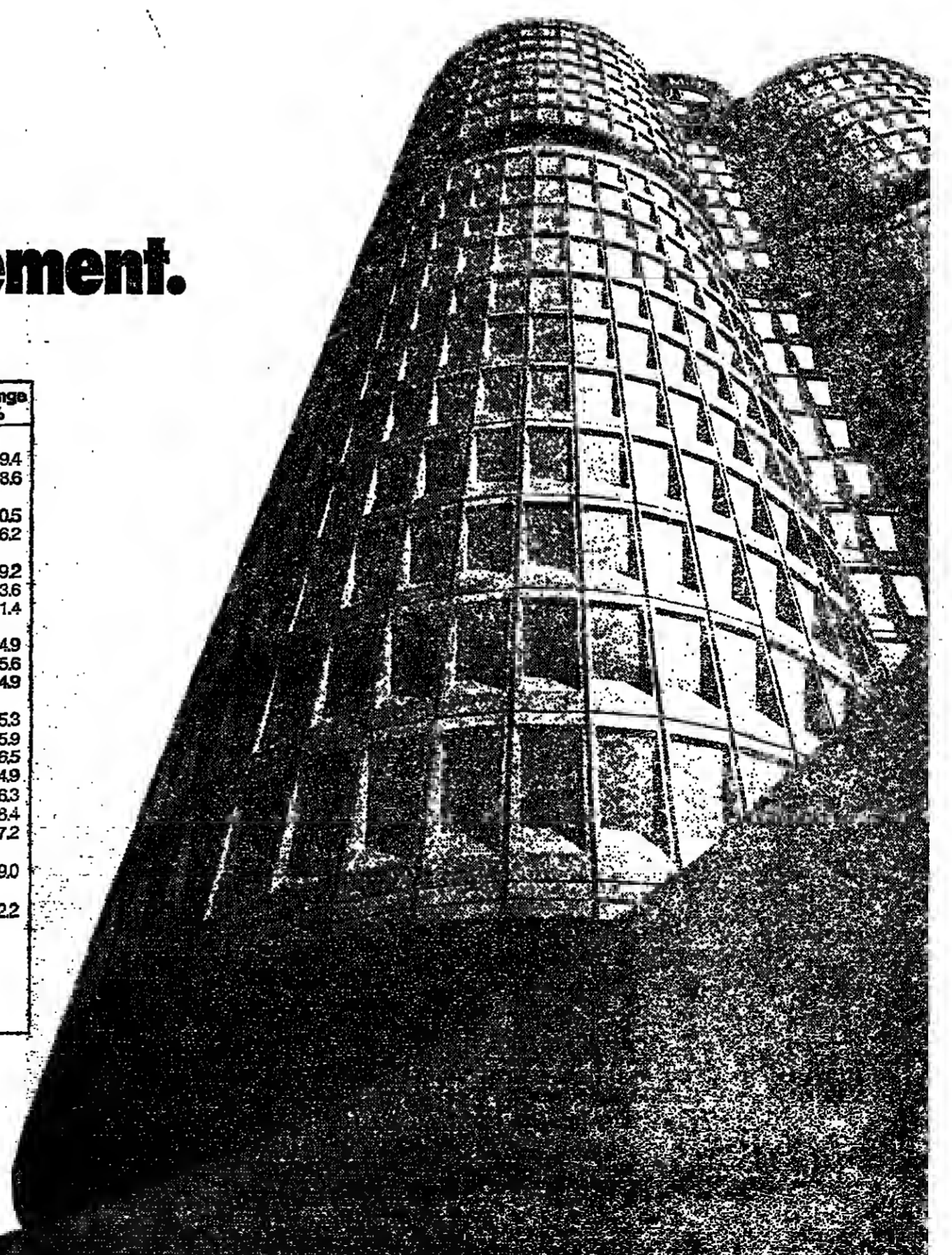
## Outlook 1979

Demand during the first half of 1979 remained buoyant, assuring full utilization of production capacity for the rest of the year. The high order backlog positions BMW for solid growth in the foreseeable future.

In view of mounting economic and energy supply uncertainties, BMW continues to gear its investment program for greatest possible flexibility to be able to adjust to future market fluctuations.

Comparative Annual Figures	1978	1977	Change %
<b>Sales</b>			
BMW AG	DM mill. 5,959.2	4,993.0	+19.4
BMW Group	DM mill. 6,557.1	5,530.5	+18.6
<b>Output</b>			
Cars	units 320,853	280,236	+10.5
Motorcycles	units 29,580	31,515	-6.2
<b>Carsales</b>			
Domestic	units 157,065	143,774	+9.2
Foreign	units 164,131	144,486	+13.6
Total	units 321,196	288,260	+11.4
<b>Motorcycle sales</b>			
Domestic	units 8,329	6,668	+24.9
Foreign	units 18,263	24,563	-25.6
Total	units 26,592	31,231	-14.9
<b>Personnel</b>			
BMW AG	35,171	33,398	+5.3
BMW Group	39,817	37,581	+5.9
Personnel expenditures	DM mill. 1,439.2	1,350.8	+6.5
Balance sheet total	DM mill. 2,938.4	2,557.1	+14.9
Common stock	DM mill. 500.0	396.0	+26.3
Net worth	DM mill. 1,011.3	787.5	+28.4
Fixed assets	DM mill. 1,450.9	1,353.4	+7.2
Investment in tangible fixed assets	DM mill. 304.9	335.1	-9.0
Depreciation of tangible fixed assets	DM mill. 249.6	222.5	+12.2
Net income	DM mill. 150.6	125.3	+19.3
Dividend	DM mill. 80.6	65.3	+23.4
per share of DM 50 nominal value	DM 9.00	9.00	
	% 18	18	

 **BMW AG**  
Bayerische Motoren Werke  
Aktiengesellschaft  
Munich









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£6,000 accountancy appointments £9,000

APPOINTMENTS

# Personnel post at Vauxhall

Mr. David T. Young has been appointed director of personnel at VAUXHALL MOTORS. He takes over from Mr. Geoffrey Moore, who has already announced his departure from the company.

Mr. Young started his career with Vauxhall in January, 1944, as a commercial apprentice. He transferred to GM Ltd. in 1963, joined the board as director and group personnel manager in 1975, and was made director of personnel on industrial relations in April this year.

Mr. Francis P. G. Duggdale has been appointed to the newly created post of chief industrial relations adviser to the CO-OPERATIVE UNION, the federation of the consumer co-operative societies. He will be in charge of the Union's labour department and becomes secretary of the National Wages Board, taking over the duties performed by Mr. Tom Hughes, who recently retired from the post of labour adviser.

Mr. Brian J. Morris, controller of corporate public relations of the exhibition organising company, industrial and Trade Fairs, has been appointed to the Board of MEN'S AND BOYS' WEAR EXHIBITIONS as publicity director.

The BERNARD WARDLE GROUP has made the following appointments: Mr. Ken Pease becomes group financial controller and joins the group from Courtauld's where he held senior general management and financial positions including financial director of Courtauld's Courtauld division and British Celanese. The automotive division of Bernard Wardle Sales has appointed Mr. John Bockley as its marketing director. He will be responsible for marketing and field sales to the automotive industry both in the UK and the European mainland. Mr. M. S. W. Howard has been made marketing director of Hardora and will be responsible for the sale and marketing of the non-automotive products of that company. Mr. Howard will also retain his responsibilities for group trade advertising and public relations.

Mr. Sidney L. Lesser has been appointed a vice-president of the ROYAL AUTOMOBILE CLUB. He will attend Board meetings until the end of the year and will continue to represent the RAC's interests in the Federation Internationale De L'Automobile.

Mr. David D. Wakefield, a senior vice-president of Morgan, has been appointed as a director of DEPTSBLY INTERNATIONAL with his initial term ending at the 1980 annual meeting of stockholders.

Mr. Keven Cooke, general manager of the graphic arts division of John Hadland (Photographic Instrumentation), has joined the Board of JOHN HADLAND HOLDINGS, the parent company.

Mr. Donald McNab has been appointed managing director of LEWARD INTERNATIONAL, a newly formed trading company of the Dutch transportation and financial group, the Meera Corporation B.V.

Mr. Frank J. Claydon Jr., has been appointed president of TEXAS-GULF CHEMICALS COMPANY, a division of Texasgulf Inc. He replaces Dr. Gino P. Giusti who was elected president of Texasgulf Inc. the parent company.

Mr. W. J. King, holidays manager, of National Holidays and Mr. F. A. Knigbils, chief executive and secretary of Gallean World Travel have been appointed to the Council of Management of HOLIDAYS UK. These appointments will be effective until the annual meeting on Thursday, October 11 when the whole Council will stand down for re-election.

Mr. G. T. Fairclough has been appointed sales manager of defence systems division of VICKERS' Elswick works, Scotland Road, Newcastle upon Tyne.

Mr. Ellsworth Donnell has been appointed as executive director of ARTOC BANK AND TRUST, resident in London and representing the Bank in Europe, North America and the UK.

Mr. J. Larry Jameson, a vice president of INMONT has been appointed general manager, OEM Finishes for the automotive group in America. Mr. Neil F. McDonald, managing director of Inmont Limited at Wolverhampton is his successor. Mr. McDonald has been elected a vice president of Inmont Corporation and appointed general manager—automotive Europe. He will be responsible for all of Inmont's automotive activities throughout western Europe.

Mr. Roger M. Abers, director Automotive OEM Products for Inmont Limited has been appointed managing director of that company. Mr. George Heath remains as director refresh products and continues to hold senior marketing responsibility for Inmont's refresh activities in the UK, which he has done since Inmont's entry into the market in 1973.

Mr. Masayuki Ikeda, deputy general manager of the BANK OF YOKOHAMA London branch, is returning to Tokyo on the completion of over four years' attachment to the London office. His place as deputy general manager and chief dealer is being taken by Mr. Shintaro Asai.

Mr. A. W. Fay has been appointed chief executive of the

DON GROUP of friction material companies operating within Cape Industries. The companies are Don International, Manchester; Don International S.A. (DISA), Manager, Belgium; Svenska Bronsfabriken A.B. (SBF), Langsele, Sweden; and Don Associated companies overseas. Mr. Fay will also join the Board of Don International as deputy chairman and the Boards of DISA and SBF. Don research and development activities, principally centred on Manchester, have been restructured into a separate division. Mr. J. C. Copeman has become director and general manager of the division responsible to Mr. Fay.

Mr. Christopher Bostock has joined EXECUTIVE SEARCH as a director.

Mr. Brian Naismith, Director of Physical Education at the University of Surrey, is to join the council of the BRITISH RACQUETBALL ASSOCIATION. He will take a special interest in the development of the sport through coaching and tournaments.

Mr. Leo R. Moll, formerly senior analyst at SRI International, has been appointed vice-president and director, business equipment and communications group of CREATIVE STRATEGIES INTERNATIONAL. His responsibilities will include management and direction of all office automation and telecommunications studies. Mr. Colin E. Diekso has been named director, medical electronics and instrument group.

YEOWARD BROTHERS, Liverpool-based shippers and fruit importers, has appointed two directors—Mr. Ronald Gill, who joined the company 36 years ago as office boy and became group accountant and company secretary in 1976, and Mr. David Bishop, who joined in 1963, became shipping manager in 1972, and a year later was appointed to the Board of Yeoward Brothers (Shipping).

Mr. Terence P. Callaghan, has been appointed to the Board of FORWARD TECHNOLOGY INDUSTRIES. He was previously general manager of an ITT company in Belgium.

In a move to re-structure and strengthen its Board, CHANGE WARE has appointed four new directors, two from the UK, Mr. Harold P. Chaffe, solicitor, and Mr. James H. Dale, a director of H. Stockwell and Co., the company's steel stockholding subsidiary; and two from the U.S., Mr. Andrew N. Heine, a New York attorney, and Dr. Edwin C. Verbeke, a consultant and senior lecturer of the Sloan School of Management, Massachusetts Institute of Technology. Mr. Richard Crane has resigned as deputy chairman and managing director of the company, but remains as a consultant. Mr. S. de Lacer, attorney at law, has also resigned.

Mr. A. J. Clarke has been appointed to the Board of the Melloy Company as financial director.

Mr. Sullman S. Olayan has joined the International Council of Morgan Guaranty Trust Company of New York. He is chairman of the Olayan Group, based in Jeddah, Saudi Arabia. In addition, Mr. Olayan is chairman of the Saudi Spanish Bank and a director of the Saudi Spanish Bank, Riyadh Bank, and Saudi Arabian Airlines.

Mr. Colin Silecock has been appointed to the Board of DICK BEARINGS, a member of the Fenner Group of companies.

Mr. Owen M. Ness has been appointed a director of ALCAN ALUMINIUM (UK), and will be responsible for personnel.

Mr. John R. Lenton has been appointed marketing and sales director of INTERNATIONAL FACTORS. He joined the company from Abers Lawrie Factors where he was operations director. Both companies are members of the Lloyds and Scottish Group.

Mr. P. G. Cairns has been appointed finance director of YORKSHIRE IMPERIAL FITTINGS, Leeds and Dundee.

Mr. David D. Searle, formerly managing director of Morgan and Grand, has been appointed managing director of EUTECTIC COMPANY. Mr. Dennis Parkes, formerly director of the National Terotechnology Centre, has been appointed director. EUTECTIC+CASTOLIN INSTITUTE INTERNATIONAL.

Mr. Thomas P. Wardle has been appointed managing director of BRITISH CASTORS, a member of the Evered Group, in succession to Mr. Nicholas Gillett who has taken over as chairman.

Mr. A. R. W. Sharnan has joined the board of R. TRAVERS MORGAN INTERNATIONAL.

Mr. Alec Taylor, chairman of BRITISH CELLOPHANE has retired. He has been chairman since 1972 and a member of the board for 29 years.

Mr. R. G. Roberts, coaching director of the NATIONAL BUS COMPANY since September 1, 1977, has been appointed regional director for NBC's Wales and the Marches region. He will succeed Mr. J. Niblock who will be retiring on September 30. Mr. F. E. Dark, general manager of Jubilee Motor Services since January 1, 1977, has been appointed group executive of National Bus Company's South Eastern Region, from October 1, 1979, in succession to Mr. G. C. Smith who has retired.

## FINANCIAL CONTROLLER

An expanding Private Group of Insurance Brokers require a Chartered Accountant to act as Financial Controller based in the Uxbridge area.

This new post involves control and development of computerised accounting procedures, the presentation of monthly and annual accounts, financial control of branch operations and other accounting, secretarial and administrative functions.

The commencing salary envisaged is c. £8,000, a company car will be provided and other benefits are negotiable.

Please write with full personal details and c.v. to Box A.6861, Financial Times, 10 Cannon Street, EC4P 4BY.

## Treasury Assistants

c.£8,200

The expanding Treasury Department of this major international manufacturing concern—with turnover exceeding £400m requires two enthusiastic Treasury Assistants. Generally, both successful applicants will be expected to assist in the varied tasks of the department. Specifically the responsibilities are as follows:

### Treasury Assistant—Cash Planning and Control

Duties will mainly comprise the further development of the Group's cash planning procedures and operating a system of cash plan reporting and analysis to improve the Group's cash control both in sterling and foreign currency. A good understanding of the UK Money Market is desirable.

### Treasury Assistant—Banking Procedures

Duties will comprise assisting in the day to day overseas banking matters, administering the Foreign Currency loan portfolio, advising on exchange control and export credit matters. An in depth understanding of the foreign exchange markets is essential as the applicant would be expected to assist in developing and operating the Group's exposure management techniques.

It is anticipated that the successful applicants will be newly qualified accountants or finalists awaiting results. However, consideration will be given to other applicants with suitable experience.

Please reply, indicating which position is being applied for, to: The Treasurer, Blue Circle Industries Limited, Portland House, Stag Place, London, SW1E 5BJ.

Blue Circle Industries Limited



## ACCOUNTANTS BERMUDA

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We are a medium sized but fast-expanding company involved in importing and exporting fashion goods. We urgently require an experienced and reliable Accountant to assume control of our entire accounting function. Based at our offices in Alperton, Middlesex, the successful applicant will be in his/her thirties and will hold a professional accounting qualification. We offer a competitive salary which includes a company car and other attractive benefits.

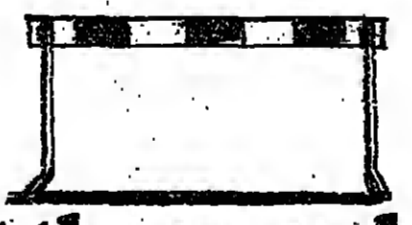
Please reply in writing to: Bobos U.K. Ltd. 61 Berners Street, London, W1, or telephone Mrs. Bird on 01-580 1423.

## International Auditors

American Express require Auditors to join a professional Internal Audit Department. The positions require experience in the Internal Audit Department of a large commercial organisation, or in a professional practice on the audit of the accounts of multinational clients. Candidates should be Certified or Chartered Accountants or Certified Internal Auditors (by examination) preferably with a university degree. The company offers competitive salaries and first class fringe benefits. The position is based in the UK but applicants must be prepared to spend up to 80% of their time on audits throughout Europe, Middle East and Africa. Applicants ideally aged between 25-35, should write giving details of career to date to: Mrs. D. Sharpe, American Express IBC, Amex House, Edward Street, Brighton, BN2 2LP.



## Accountants



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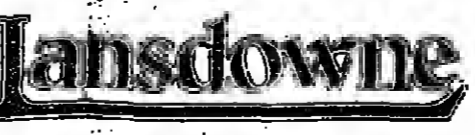
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## FINANCIAL CONTROLLER

C. London c.£9,000 + Car  
Although less than ten years old this chartered Merchant Bank has an impressive growth and profit record. The successful candidate's objectives will be equally divided between systems development, financial accounts presentation and commercial involvement in liquid level. Applicants, aged 27/35, should have sound financial accounts experience and business acumen in order to contribute to future expansion plans. A future board appointment could materialise within a few years. Contact Nigel Hopkins, FCA.

## TREASURY ADMINISTRATOR

Berkshire £9,000  
A young qualified accountant with previous cash management experience is sought by the newly formed treasury department of a U.S.-multinational. The successful candidate will manage day to day cash receipts with overseas business management, maintaining daily contact with various foreign money markets and the group's headquarters in America. Career development outside of the treasury function can be envisaged. Please send your application to: Contact: Martin Thompson, FCA.

## ARABIC SPEAKER

France £ Neg.  
The continued growth in the Middle East of this company's world-wide operations means that it requires a young accountant who, while based in the UK, will have a special responsibility for that area. Duties will cover a wide range of investigations and special studies, as a result of which a specialist understanding of international operations will be gained. This should lead to promotion in the UK or overseas in a senior management role. An excellent education package is available. Contact Colin Aylmer.

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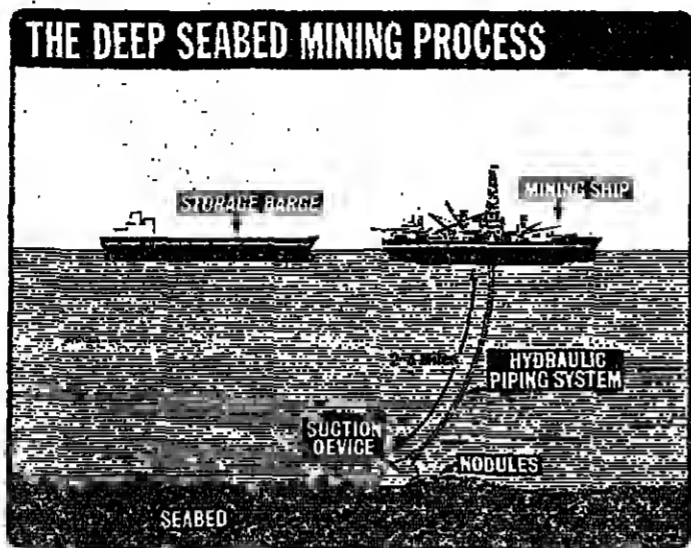


MANAGEMENT

Alan Friedman reports on how four major groups are competing in the race to mine the ocean floor on a commercial scale

Seabed mining consortia hope to raise the political anchor

ARGELY AWAY from the public view, four U.S.-led international corporate consortia are quietly investing some \$200m in a bid to mine the ocean floor for valuable minerals like nickel, cobalt, copper and manganese.



THE DEEP SEABED MINING PROCESS

Belgian company, each with 33 1/3 per cent ownership. The Kennecott Copper consortium, led by the U.S. mining company, which owns 50 per cent of the venture, contains five other firms.

Finally, although percentage breakdowns are not available, the Lockheed Missiles and Space Company seems to control its group, called Ocean Minerals Company.

Despite the delays and uncertainties of the UN Law of the Sea negotiation, some industry officials prefer the idea of a uniform regulatory body to the unilateral legislative options.

"We at RTZ would rather mine the seabed under the auspices of an international regime than under international legislation," said one UK executive.

Meanwhile, preparations are going forward around the world. Twenty-three Japanese companies have banded together to form a group called Domco.

The Carter Administration now fully supports unilateral seabed legislation, and the German Bundestag, Japanese Diet and UK Parliament would probably follow suit soon after U.S. passage.

In Washington, the seabed companies have engaged in extensive lobbying activities designed to persuade the U.S. Congress of the need for protective legislation.

Until recently, the Department of State has opposed such legislation, explaining that it could have a deleterious effect on the UN conference.

But Mr. Elliot Richardson, the U.S. ambassador to the sea, has decided to support the enactment of seabed legislation; this has cheered seabed-orientated investors.

Security

The Carter Administration now fully supports unilateral seabed legislation, and the German Bundestag, Japanese Diet and UK Parliament would probably follow suit soon after U.S. passage.

Deep-sea miners tend to view the UN plan as a threat. They have urged instead that the U.S. Congress, West German Bundestag and British Parliament enact interim unilateral legislation to authorise immediate seabed mining activities.

Sounding board welcomed by many small firms

BY NICHOLAS LESLIE

OWNING A small business can be a lonely occupation, with little or no scope for discussing with somebody else ideas or problems which may be of vital importance to a company.

This proposition is borne out in a report, instigated by the Department of Industry, which has evaluated the work of the department's Small Firms Counselling Service in the South-West since its inception over two years ago.

Counsellors, many of whom are businessmen themselves, are often used as a "sounding board" by the report, with their role frequently being "to allay the client's fears that his proposed course of action is ill-fated and is justified by the facts."

The report, which drew on the experiences of 88 firms—out of a total of 155 cases where an initial approach had been followed by counselling service—reached a number of significant conclusions.

The service, says the report, had been responsible "for the survival of a considerable number of firms and has helped create many new businesses."

Of clients reporting benefits from the service, nearly half related to one or more financial criteria, such as increased sales or profits or reduced borrowings.

More than half the clients receiving counselling beyond an initial interview found the experience "very useful" and nearly a quarter of those who had only one interview felt the same.

Clearly, seabed investment could hold out attractive returns, but its future is clouded by continuing legal and political uncertainty.

he identified. It would then be feasible to direct small firms which required funds towards potential investors," the report adds.

A weakness in the counselling available in the South-West is marketing expertise. A number of larger firms have been looking for levels of marketing expertise which exceed that currently available.

Significantly, the rate of conversions from single interviews into follow-up counselling sessions varies quite considerably from town to town within the region.

The report makes it clear that an on-going relationship between counsellor and client can be of greatest value, although there is also a danger that too much concern with converting an interview into further counselling can undermine the quality of service.

Reluctant

On the financing front, the report says there appears to be a gap in the capital market for firms under £25,000, with a particularly strong need for sums of between £5,000 and £10,000.

Many larger finance institutions seemed reluctant to handle such sums and banks tended to look for collateral, which had generally been used up or a trading record which did not exist.

The counselling service should have access to finance. Lack of finance is a persistent source of dissatisfaction, says the report. As a result the service suffered by comparison with other agencies such as COSTRA (the Council For Small Industries in Rural Areas) and the Welsh Development Agency.

These variations did not seem to affect the view of clients either in one particular respect. For in both single-interview and follow-up cases barely more than 1 per cent of clients cited the condition that it would depend on the counsellor as to whether they would use the service again.

More than 77 per cent of the single interview cases said they would use the service again, though 21 per cent said they would not. With the follow-up cases almost 90 per cent said they would use the service again, but less than 5 per cent said they would not.

The report calls for more research to be undertaken to establish the identity and distribution of small firms in the South West. It also identifies a need for a direct line of communication between small businessmen and the Small Firms Division of the DoI, and for more liaison between these two and counsellors.

An Evaluation of the Small Firms Counselling Service in the South West Region, available from The Manager, Small Firms Centre, Colston Centre, Colston Ave., Bristol BS1 4UE.

Technical News

EDITED BY ARTHUR BENNETT AND TED SCHUETERS

TEXTILES

Improving handle and printing

BRITAIN IS the home of some of the finest quality wool knitwear in the world. Traditionally all-wool garments have had to be handled with care, but over the past year or so the International Wool Secretariat has been supporting various special treatments which make all-wool garments machine-washable without loss of handle.

A new approach to finishing knitwear is that it will qualify for the superwash labels is Levalaine "S", which has been developed by Stephenson Bros. (POB 305, Listerhills Road, Bradford, BD7 1BY, Tel. 0274 238111). It is a composite liquid formulation for both scouring and milling all types of knitwear made from natural fibres.

Combining nonionic and anionic surfactants employed by the addition of a high quality natural sodium-based soap to balance optimum cleansing with superior handle, the process is designed to have a balanced pH in the treatment bath. With Levalaine "S" this is held between 7.8 and 8.8, irrespective of yarn dyestuffs or dyeing process used.

HANDLING

Crane folding jib

A GERMAN-MADE mobile crane, the Fuchs 110, from Jons. Fuchs KG of Ditzingen, with a capacity of 10 tons, has a lattice jib of up to 19 metres that can be hydraulically folded into an overhead travelling position without disassembly or re-erecting.

It is available with crane or excavator winchgear, the individual winches being mounted in line and driven by a hydraulic variable displacement pump. With the excavator winchgear, hoisting and digging are synchronised, and the crane is fitted with a preslector switch for crane or excavator operation.

DATA PROCESSING

Less paper work for the meter reader

READING OF gas and electricity meters by a compact, hand-held terminal can improve accuracy and the cash flow of the service provider. The market potential in Europe for such units is estimated at about £25m.

UCSL Microsystems has designed the device which will cut out paperwork involved in present methods, verify accuracy at the time the meter is read, speed transmission of the information to the utility's central processing department and eliminate error-checking and data preparation routines.

Advances in memory development

SIGNIFICANT advances have been made in memory development by General Automation with the 1 Megabyte Hypak random access memory unit.

Europeans gain ground in minis

EUROCAST report on small business computers (SBC) from International Data Corporation shows that during 1978 there were the first signs that new contenders for the West European SBC market are gaining ground on more traditional vendors.

It by pressing the "Enter" key for a second time. Should the meter reader be unable to take a particular reading, he enters a code which signifies the reason. When the day's work is completed the reader returns the M50 terminal to the office and plugs it in for recharging and transmission of data.

The process of transmitting data to and from the computer can be done manually, but ideally the operation would be carried out automatically. Overnight, taking advantage of off-peak telephone rates, the central computer calls up each M50 in turn and initiates transmission of data from the remote location.

Also loaded into the terminal, but not displayed, are minimum and maximum limits for the new reading, to provide a range check. If the new reading, when entered, does not fall within the two defined limits, the terminal will indicate by an audio signal that it detects an error.

Component insertion made easy

A WELL-KNOWN difficulty experienced by electronic board assemblers is that of trying to "fiddle" the legs of an eight or 10 pin TO5 can into the corresponding holes in the printed board.

WELSHNOL

METALWORKING

Hacksaw has more power

ALTHOUGH IT works at 350 strokes a minute, yet its rated air consumption is only 30 cu ft a minute, a new air power heavy duty hacksaw is quiet in operation, claims Powell Duffryn Tools, Cambrian Works, Malnad, Cardiff, sole UK distributor for all air power tools made by Rockwell International.

Band saw machines

NEW LINC of contour saw band machines featuring direct current drive systems with electronic band speed control will be introduced during the European Machine Tool Show in Milan, October 10-18, by DAALL Company, UK, 12, Barton Road, Bletchley, Milton Keynes (0908 71668).

Control of oil pumping operations

WHEN OIL is being loaded from a platform to a tanker via a loading buoy, major problems can occur should the ship become unable to accept oil from the interconnecting pipeline due to an on-board equipment failure.

ENERGY INTO

THE TWENTY-FIRST CENTURY

Industrial Marketing Digest

Ideas, Techniques, Experience

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LOMBARD

Chips alone are not enough

BY DAVID FISHLACK

IN THE year or so since Mr. James Callaghan began to exercise... Chips alone are not enough...

replace electro-mechanical switches because no muscle is needed to switch electrons... Lot of work...

Lot of work

Designing, making, maintaining all these mechanical muscles... Lot of work...

in theory a mechanical "sniffer" attached to a microprocessor... Lot of work...

OIL POLLUTERS IN THE CHANNEL

A watchdog champing at the leash

BY EDWARD OWEN

"THE BOARD of Administration and the harbour authorities are keeping a close watch on a large oil slick that was spotted about three miles south of Guernsey yesterday..."

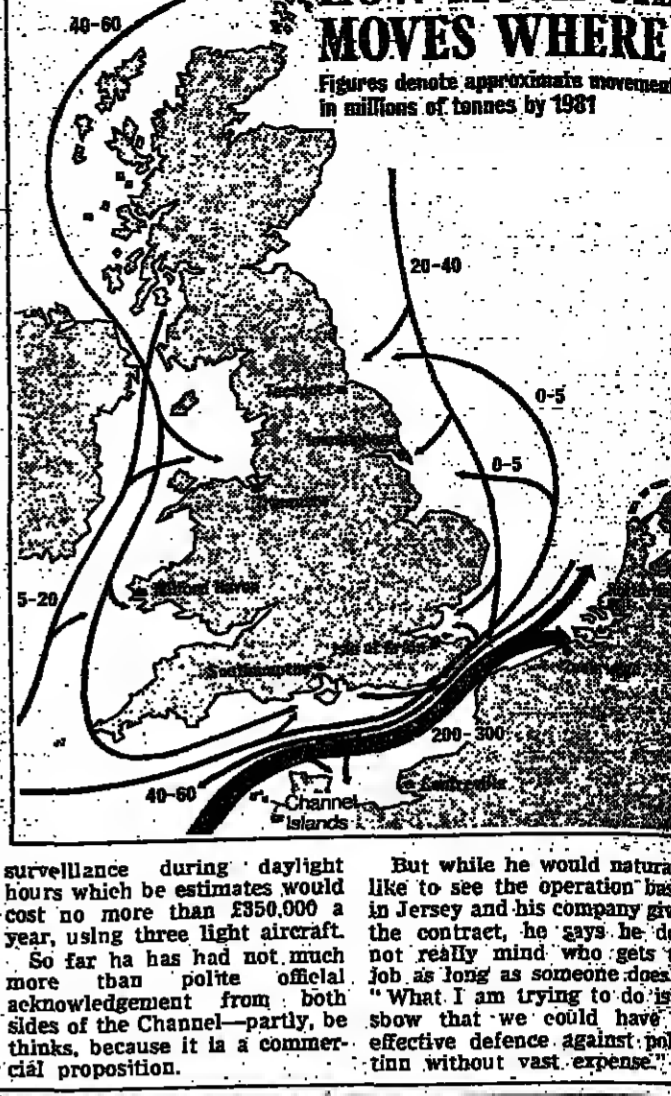
OPERATION & BALLET

COLLEGE. Credit Cards. 01-246 5320... OPERA & BALLET...

THEATRES

DRURY LANE. CC 01-336 8106... THEATRES...

HOW MUCH OIL MOVES WHERE



Pride and Faith may win

A YEAR AGO just five runners turned out for Ayr's Heronlea Stakes and it is the same today...

RACING

Certainly, no one can lay the blame on the state of the ground at Scotland's premier course...

ENTERTAINMENT GUIDE

Opera & Ballet... Theatres... Entertainment Guide...

ENTERTAINMENT GUIDE

Theatres... Entertainment Guide...

TV Radio

Indicates programme in black and white... BBC 1... 6.40-7.55 am Open University...

TV Radio

Indicates programme in black and white... BBC 2... 6.40-7.55 am Open University...

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Crossword puzzle grid with clues for Across and Down.

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15 X-ray usually in these times (8)
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18 Turn round rubbish taken in (6)
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22 Incredibly sharpen top of lance and bits of shell (8)
23 Eastern people in tent or other accommodation (8)
24 Back on this meat being game (6)
25 Triumph at this moment and separate (6)
26 Serpant Major over lots of soldiers is ingratiatingly uncious (6)
27 Just barely alone (4)
Solimion to Puzzle No. 4040

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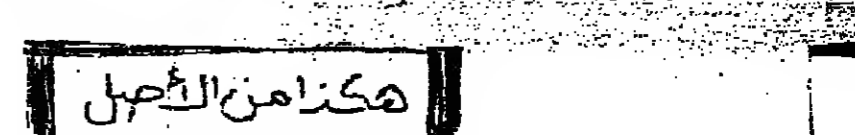
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Leeds Castle

Dog collars on show by DAVID PIPER

"I heard," wrote the chronicler Froissart in 1395, "that the King [Richard II] was going into a beautiful palace in Kent called Leeds Castle." The site is said to have had a castle on it for some 500 years already by then. It is now 600 years on from Richard II, but a mere three years since the castle has been opened to a more general public, so that it is not just in the hands of the books nor is its accessibility as widely known as it might be. Yet, once there, the astonished traveller may well wonder what the Leeds castle has to do with the Loire. The Loire has a chateau by the dozen, the Leas has but one, yet the claim that Leeds Castle is the loveliest in the world is not ridiculous. It boasts its shimmering green of stone, green of grass on the mirror-blue of its encircling lake; its swans are black. At Leeds, the weather for me is always calm high summer like childhood—surely equally falsely so, yet equally both bewitched and remote as childhood remembered.

For is the castle mere relic of times long past, or has it salvaged it and restored it, left it to a Trust to be used for high-level conclaves, for summits of statesmen and of luminaries of the medical profession, as well as for enchanted gawping by the public. For the latter, besides the usual amenities, refreshments and so on, there are water slides and a paddling pool. There is even golf in the house, there is an audience, but not excessive, of furnishing, and an incidence of pictures that is exactly suited to the visual digestion of the average visitor drifting through the summer afternoon, sipping nectar as he goes. Only after leaving perhaps does one realise the quality of much that one has seen, and regret a more lingering stay. In the chamber where top ministers are held, for instance, there is a little group of French pictures—Lautrec, Degas, one of the best Pissarros, even as one of the best Bouddins, and an incredible Unillard featuring just one decanter with four peaches, caught for ever at the melting point of ripeness.

This is all not a bit museum-like, but to it has now been injected an additional element: a mini-museum, dedicated to a mini-subject, and installed with exquisite taste and discretion alongside the gate-house. The subject is dog-collars.

I should admit forthwith that I am a recognised authority neither on dogs nor on their collars. I am, mostly, alarmed by dogs, as to dogs, I lack the far, less discernible emotional reaction. Flattered though I was to receive an invitation to the opening of this museum, I should also admit that I accepted almost in disbelief, and perhaps in the faint hope, that besides being an excuse to visit the castle itself, the whole thing might turn out to be a rump staged by Monty Python. Further, as high summer fades, the dog days are indubitably upon us. It turned out to be a happening, surreal but not in grotesqueness but in elegance if also in improbability. It is deplorable that it cannot be a daily event, rather than just one-off for the opening, but obviously this cannot be. To some extent, it was like other official openings—speeches, thanks, acknowledgments, gusted through microphones thunderous with a fitful breeze. The exotic had, however, already been announced by the arrival of the VIPs in horse-drawn carriages, and the mainstay of the official proceedings proved to be the five modelling of some of the finest dog collars from the new museum by certainly some of the finest dogs in the country. As a parody of human haute couture parade it surpassed—as the best parades are wont to do—its prototype by miles. As the greyhound danced like a maypole, the Great Dane, and their sage and stately thing and the incomparable Afghan hound displayed with his gentle loping soft-shoe shuffle, my spirits rose and I forgot my pebbled body and its suddenly aged, infirm and dowdy presence. At this point, the perfection of the dogs dazzled their collars, into oblivion; one might even feel a twinge of impatience at the



An 18th century leather and red velvet collar worn by Mr. and Mrs. Kraal's champion Great Dane, Dicael, the Lioness of Jafrak

impertinence of the collars, which are, after all, shackles. But later, in the museum, the idea of the collars as shackles, fetters, restraints had no place. They are displayed as part of the developing history of man's relationship with the dog, but also, as not shackles, but personal jewellery with which proud owners salute their dogs. (A frankly racist attitude of course, but the canine lib movement has yet to get off the ground.)

The collection, presented to the Leeds Castle Foundation by Mrs. Gertrude Hunt in memory of her husband John Hunt, the distinguished medievalist, is claimed as the finest and most comprehensive in existence. The collars date from the 15th-16th to the 19th centuries. The earliest are neither primarily shackles nor jewellery, but defensive/aggressive iron armour barbed with ferocious spikes, for use in hunting or bear-baiting. The more elegant

ones are mostly later, though the excellent, and very pretty, catalogue by Elizabeth Wilsoo and Wilson Stephens, notes that Philip II in 1558 owned one in silver-gilt, pearl studded, then already a collector's piece surviving from the 14th century. The later ones are styled naturally according to contemporary tastes from deep, elaborations on baroque themes ("pierced cartouche ornament"), to a rococo frivolity ("silver plaques with summer flowers"), to plain neo-classic functionalism (though there too ostentation may occur: "rousses and chased with griffins supporting a classical vase"). Inscriptions tend, for obvious practical reasons, to name the owner, and sometimes address. Occasionally there is a date. There is at least one variety (I am Mr. Pratt's Dog, King Street, Wokingham, Berks. Whose Dog are you) on a jocular theme that bed some local popularity, but my favourite is inscribed simply Annie Gubb, 1, Lyndhurst Villas, The Park, Ealing—and do the ghosts of A. Gubb and her dog still walk the Park, *solaire et glacé*, at Ealing?

Materials are leather, brass, and silver—the latter generally prizes or presentations. Elegant as wine-coasters often—and the dominant motif of the exhibition is inevitably the circle. The light-hearted feeling for design, for playing variations, almost juggling, with the circular theme, is altogether delightful in the uncluttered spaces of this little museum, and is due to Barry Murre.

The Foundation has yet, following the opening of the Museum, which should attract a wider public than just dog-lovers, to resolve one ironic aesthetically. The "social rules" that visitors to the Castle are asked to observe include no radios—but also no dogs. Just as well, maybe: they'd only get ideas above their station. Driving back to London we passed a car with a trailer inscribed "Caution—show dogs in transit." Six transit indeed, but the dog collars survive.

Leeds Castle and the Museum (off the A20 beyond Mainstone) is open normally April 1 to October 31 on Tuesdays, Wednesdays, Thursdays, Sundays and Bank Holiday Mondays 12.30-17.00.

Barga, Italy

Rossini's Demetrio e Polibio

by WILLIAM WEAVER

Though Rossini's Demetrio e Polibio was the sixth of his operas to be performed, it was the first to be written. He composed it, apparently, in his 13th year, in bits and pieces, as the text was handed to him. The librettist was Vincenza Viganò Mombelli, sister of the famous choreographer, niece of Bocherini and wife of a fairly well-known tenor, Domenico Mombelli, two with his two daughters by his first wife, two both singers, made up a kind of all-purpose travelling opera company. It was he who commissioned the young Rossini to write the various numbers that—probably integrated by music if Mombelli himself were then put together to form Demetrio e Polibio.

After its first performance in 1812 at the Teatro Valle in Rome, the little opera series had a certain success and was heard in a number of Italian houses (Stendhal writes of a performance in Como, though he almost certainly was not there). Then, as the taste for opera seria waned, and as Rossini's

later operas overshadowed his first efforts, Demetrio e Polibio vanished from the repertoire. This year the enterprising Opera Barga chose this Rossini rarity to open its 19th Festival Lirico Internazionale, and for the occasion a capacity crowd assembled in the beautiful, but remote little Tuscan town, high in the mountains of the Garfagnana above Lucca. The night of the Teatro del Giglianti was crammed, and the reception of the performance was enthusiastic. For much of that enthusiasm, Rossini must be thanked. The little piece—despite Signora Mombelli's dotty libretto, a long way after Metastasio—proved a lively, engaging, individual. The quartet, "Donami omai Siveo," highly praised in Rossini's own time, more than lived up to its fame, and there are many other pieces that are already, exactly, Rossinian. A prayer for tenor and male chorus was particularly moving, as was the duet for soprano and mezzo-soprano (heroine and hero), in the first act.

This duet was sung with great style and feeling by Cecilia Valdenassi and Benedette Pecchioli, both young professionals of recognised talent (Pecchioli Generalato in Spoleto, a couple of festivals ago). They were the mainstays of the performance. Though Valdenassi was, now and then, slightly shrill in the tricky coloratura music of Lisings, she sang with admirable intensity and restraint, and was deeply affecting in the less vehement pages of her part; Pecchioli, tall and handsome in the trouser-role of Siveo, obviously was convinced of her noble music and capable of projecting it. The tenor, Giandomenico Bisi, was simply not up to Rossini's demands (Rossini once said that this opera, or some of it, is "easy"). It is. The fourth singer, the bass Aldo Bramante, was acceptable.

Barga, despite its grand title "festival internazionale," is really a summer-school; and one doesn't go there expecting professional polish (or if one does, one is sorely disappointed). The orchestra was rough-and-ready, not very different probably from Signor Mombelli's musicians in 1812. Bruno Rigacci conducted with energy and, overcoming occasional mishaps, kept the performance moving. The chorus was dim, but is not a vital element in the score anyway. Now one would like to hear a full-scale professional performance. Francesca Maria Siciliani staged this production sensibly, without fuss, and Gillian Armitage Hunt, one of the founders of the Barga enterprise and now its general director, designed a practical unit set and appropriate costumes.

The programme-book included a facsimile of the libretto of the 1812 performance and a useful historical note by Giovanni Carli Ballola. What it did not contain unfortunately, was any information on the revision (by the conductor Rigacci). One would have liked to know more about the state of the music and, if possible, the extent of the contributions by Mombelli or by others, if any.

Festival Hall

South Bank Summer Music

by NICHOLAS KENYON

Pinchas Zukerman opened his second season as artistic director of South Bank Summer Music on Sunday by playing the viola in Mozart's Sinfonia Concertante (K364) and by conducting the English Chamber Orchestra in the remainder of a short all-Mozart programme. About the former activity there could be few reservations: Zukerman's intuitive, almost brusque way with the instrument may not be ideally suited to Mozart, but the natural flow of the phrases, the lift of the rhythms and the sheer vitality of the playing are delightful to hear.

On this occasion his partner at the violin was Jaime Laredo, who shares Zukerman's vigour, and matched him firmly in the thirds and tenths, but delivered his solo passages with a jumpy approximation to their true direction—we might not have noticed had not Zukerman carefully shown us a better version in each echo.

The English Chamber Orchestra, on a hot Festival Hall stage encumbered with heavy drapes and a funeral procession arch (the ballet is in residence) seemed to find it hard to communicate either with us or with each other: the recessed cellos and basses mumbled their striding trills; some lovely wind playing was as a distant echo. At the conductor's desk for Mozart's E-flat Symphony (K18), Zukerman had no noticeable effect on the situation—indeed his cheerful, babby gestures bore little relation to the sound that emerged. Why on earth did he not lead from the violin?

The second half of the concert could scarcely have been more different, given that the music was by the same composer. Sir Clifford Curzon joined the ECO for the B flat

Concerto (K595): his performance was exquisitely refined, sometimes unhearably beautiful, and surrounded by such an aura of directly-communicated nervousness that it was almost impossible to listen to. From a knife-edge of tension, some phrases fell one way, some the other—those that fell towards the music had all the fragile strength and beauty of porcelain. If only we had heard such a precisely dotted rhythm, or such a fully-weighted passing note from either orchestra or soloist in the rest of the evening, Curzon made their jollity seem merely sloppy.

Harrogate Festival

Peterson and Mozart

by WILFRID MELLERS

The first two major concerts of this year's festival were dedicated to Oscar Peterson and Mozart—musicians disparate in time and place no less than in colour. What they have in common is excellence which, overriding disparity, affirms human stability beneath the flux. As a jazz pianist Peterson is a traditionalist whose improvised composing telescopes the brief history of jazz piano, harking back to the raucously randy barrelhouse, ranging through the more disciplined elegance of rag and stride piano to the harmonic and figurative luxuriance of the cabaret pianists of the 30s and 40s, and so to the nervous sophistication of bebop and modern jazz, and to today's intellectualised primitivism. In this August 1 recital Oscar sometimes recalled the raw exuberance of a barrelhouse pleyer like Pete Johnson (for instance the rip-roaring two-listed confrontation be made of "Cherokee" or "Cottontail"); often he swung with the potent precision of a Jelly Roll Morton or Fats Waller—as in an exquisitely moony version of "Mood" Alexander number and in the pianist's own moving elegy for the incarcerated Nelson Mandela—Peterson hinted at the introspective elusiveness of Keith Jarrett though, unlike Jarrett, he never relinquished jazz corporeality.

Oscar's genius—this is not a word to bandy around lightly—lies in the spontaneity whereby he effects transitions between so many eclectic moods and manners. His music becomes a powerfully personal testament in the very act of crossing barriers of race, culture and class; his is indeed a global village music that doesn't segregate black ghetto from white cocktail lounge, African township from the Carnegie Hall or this royally ornate hall in Harrogate. This recital was a triumph of human maturation—made possible by a keyboard technician never equalled in jazz history, not even by the phenomenal Tatum. Perhaps a dutifully carping critic might persuade himself that there were a few too many sizzling

arabesques that cascaded to a fortissimo stump in the bass, or that the use of bammed octaves to steer the improvisations into a coda became a shade predictable. In total effect, however, Peterson's manners are not mannerisms but conventions within which he lives, moves (and how) and has his being. His swirling roulades are genuinely "flights," for we listeners take off no less than his fluttering fingers; while in slow numbers Peterson's command of colour, gradation and nuance rivals that of Horowitz. Moreover, he has one advantage over Horowitz: he is a creative (improvising-composing) rather than a merely interpretative musician.

Peterson is, I suppose, an entertainer whose entertainment is apt to embrace art—not because it may superficially resemble Chopin or Debussy, but because it's emotionally intense and intellectually committed. If his rapidly fluctuating manners suggest that he doesn't differentiate between the genres, neither did Mozart, who was professionally expert even as a child. In his early 20s he composed many serenades that were intended to divert, and do so; two of them were played on August 2 by the English Chamber Orchestra under Pinchas Zukerman. Yet while they beguile empty time, they offer glimpses of unsuspected horizons: in the D major Serenata Notturna K239 the social persiflage of march and minuet is, in the rondo finale, oddly disturbed by two interludes, one mysterious, the other merry, which seem also to be topical and local jokes more intelligible to Selbuzburgians of the 1770s than to us. Similarly the large-scale *Poethora Serenade* K320 exalts with felicities of orchestration appropriate to the open air rather than to concert-hall or chamber, while starting with an allegro at once lyrical and energetic, and possibly autobiographically dramatic, too, for Einstein maintains that the savage unison phrase that repeatedly disrupts the tender second sub-

ject represents the malignant Archbishop Colredo saying No to Mozart! Though this may sound facetious, it's indicative of the multiple levels on which Mozart's like Peterson's, entertainment music functions: as is the collocation of the impudent rondo with the tragic lament of the minor-keyed andantino. To play music veering so mutably between the sublime and the ridiculous calls for a technical skill and improvisatory spontaneity reliable to Peterson's; Zukerman's sensitively zestful performances offered just that. He, the players and (some of) the listeners chuckled, sighed when it sighs—much as Oscar, as one-man hand, had acted out his music to locuplet soog and dance.

Equivocation between the aristocratic and demotic, and between art and entertainment, characterises Mozart's most "serious" music also, since it's the heart of the sonata principle and of Mozartian opera—which refashioned heroic conventions in the light of sonata's musical democracy. Jaeger Baker sang two concert arias, one of which, "Parto, parto," comes from Mozart's last opera, *Lo Clemezio di Tito*, a piece archaic in being a heroic opera aria, yet modern in that its despondism is "henevolent." Dame Janet's fusion of grandeur with compassion was precisely appropriate; and in "Al desio di chi l'adoro" (an additional or substitute aria for Figaro) she marvellously revealed the Shakespearean—pragmatically tragical-comedy, lyric-dramatic—qualities of this glorious music.

The concert began with Bach's cello no. 170, *Vergnute Ruh*. In context it was anachronistic; but the sublime opening aria—in Bach's seraphically floating 12/8—was sublimely sung. The fine instrumental playing, moreover, established another link with Peterson in demonstrating how the difference between a great and a routine performance of Bech depends on whether or not the music swings.

New head for London Festival Ballet

Mr. John Field, at present director of the Royal Academy of Dancing, has been appointed artistic director of the London Festival Ballet, to succeed Miss Beryl Grey. He will take up his appointment in early November. As a former dancing partner of Miss Grey for a number of years at Sedler's Wells Ballet, Mr. Field appeared with her at Covent Garden.

What does the future hold for Korea?

Will the development momentum be maintained? What are the problems and potentialities of doing business in Korea? What is the view of the world financial markets on the outlook for the developing industrial countries?

Relations, Commission of the European Communities; Minister Kim Won Ki, Minister of Finance, Seoul; The Hon William Gleysteen Jr; United States Ambassador to Korea; Mr Choong Hoon Park, Chairman and President, Korean Traders Association; Professor Noritake Kobayashi, Keio University, Japan.

These and many other questions will be examined and discussed at 'Korea in the 1980's' a conference to be arranged in Seoul on September 12 & 13, 1979 by the Financial Times and the Korean Traders Association.

If you, or your company, have interests in Korea, 'Korea in the 1980's' will give you a most useful insight into the future of this important area.

Among the speakers will be Minister Hyon-Hwack Shin, Deputy Prime Minister and Minister of Economic Planning, Seoul; Sir Roy Denman KCB, CMG, Director General, External

For full details of the agenda, and registration procedure, complete and return the coupon below without delay.

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Arts news in brief

The Venice International Film Festival will take place from August 25 to September 4. It will have three main themes: Venice 79, with over 20 world premieres; Venice Workshop films of particular interest from the aspects of technology, sociology and philology in film making; A Marcel Pagnol Festival.

During the festival a conference on the theme Cinema in the Night will be held with the participation of directors and producers.

Among the films to be seen at Venice will be Saint Jack (directed by Peter Bogdanovich), *Strawberry* (directed by Kenji Standa), *More America* (directed by George Lucas) and *La Nuit* (directed by Marguerite Duras).

The London Symphony Chorus is sponsored, for the first time, on September 26 when, at the Fairfield Hall, Croydon, it gives a performance of Haydn's Creation. This first sponsorship is by Canon Business Machines (UK).

This association with the London Symphony Chorus is not Canon's first association with the world of music. In November 1978 Canon was a sponsor for Rossini's *Adelaide di Borgogna*. Its first performance in modern times, staged by the Donizetti Society.

The first public showing of the priceless Schroder Collection of silver will be at Goldsmiths' Hall, EC2 in the autumn.

The Press and private view will be from 11.00 to 1.00 on Tuesday, October 9. The collection will then be on view (free of charge) from October 10 to 26, daily from 10.15 to 5.00, except at weekends.

This is claimed to be the finest collection of Renaissance silver still in private hands, with nearly a hundred examples of silver and silver gilt enriched with rock crystal, enamel, porcelain, tigerware, coconut and nautilus shell.

The collection was first started by Baron Sir John Henry Schroder, who died in 1910 and was continued by his nephew, Baron Bruno Schroder; it now belongs to the latter's grandson Mr. Bruno Schroder.

A major new collaboration has been announced between the Royal Northern College of Music and Welsh National Opera. These two leaders in the educational and practising fields of opera in the UK are to pool resources for a series of joint productions.

The first joint production is of Verdi's *Ernani*, which will open with WNO at the Cardiff New Theatre on October 30. WNO musical director Richard Armstrong conducts, and the production is in the hands of Elijah Mosbinsky, associate producer with the Royal Opera Covent Garden.

Manchester will see the premiere of the second joint production, when Dvorak's *The Jacobin* is first performed at the Coliseum on March 25 1980. The RNCM performances conducted by director of opera studies David Jordan, will be produced for this occasion by Arian Slack, WNO's director of productions and artistic director of the Wexford Festival.



Complex arguments over world poverty

BY ANTHONY HARRIS

One more try on Rhodesia

THE RHODESIA problem, like the Irish question, has defied successive British Prime Ministers and Foreign Secretaries.

Responsibility

Britain has met the wishes of the Commonwealth for reassessing full responsibility for arranging settlement.

Solution

On paper, the latest agreement looks fine. By accepting the idea of new British supervised elections and changes in the Zimbabwe Rhodesia constitution, Mrs Thatcher has met many of the objections that have been directed against the Muzorewa Government by its opponents in Africa and in the Commonwealth as a whole.

A threatening squeeze

"ALMOST frighteningly bad," Sir Geoffrey Howe's widely publicised assessment of Britain's immediate economic prospects, could well be applied to the wholesale price figures published yesterday.

Pay settlements

The six-monthly rate of increases in wholesale prices now running at 9 per cent still has to make its impact on the retail price index, and the changes in VAT and hydrocarbon duties imposed in the Budget do not affect wholesale prices.

Moderating effect

The direct advantages of a strong exchange rate are evident in the index of raw materials and fuel prices.

WORLD AGRARIAN output has grown substantially in recent years—especially output of some export cash crops, such as sugar, bananas, cocoa, coffee, groundnuts and rubber.

The emergence of this dilemma, which was the subject of a 150-nation conference in Rome last month, can be put down to two-different causes.

There is now a wide consensus, ranging from the Communist bloc to the World Bank and the U.S. aid authorities that effective land reform and adequate rural credit are indispensable first steps to getting rid of rural poverty.

Aid-givers guide

Apart from a sharp squabble about the appropriate terms for land expropriation, these issues had come to a head in the week of the conference.

The EEC's own development effort has also begun to change in the same way. Its most chastening lesson came in the Sahel region south of the Sahara, where a project to tap underground water supplies with large, deep wells, available throughout the year, proved a disaster.



A paradox of rising malnutrition amid rising output.

country, due to trampling and over-grazing. The cattle could drink, but they starved. The EEC now gives a much stronger priority to what it calls "micro-projects"—modest developments with an average cost of about \$50,000, including much investment in education and health—and is also starting to channel funds through voluntary organisations.

The U.S., more radically, is seeking to give aid preferentially to countries which have a significant internal programme of land reform and rural development. However, not for the first time, Congress has subjected a would-be reforming Administration to a kind of Catch 22.

MEN AND MATTERS

When my ship comes in . . .

The last ship likely to use the Western Albert dry dock, which is to be closed to two weeks, limped away down the Thames last month without having been repaired.

The Russian Pioneer Belorussil needed to have her propeller straightened, but failure to agree on overtime meant the contract could not be completed to the required schedule.

The dry dock is part of East London's Royal Albert Dock, which are to be closed after the disastrous financial performance of owners River Thames Ship-repairs.

The Royal Albert's work is to be divided between Tilbury and Millwall, and some of the workforces is also moving to these docks. Nevertheless, feelings are bitter, among the management as well as the men.

Slings and arrows

Hamlet as portrayed by Shakespeare is no credit to Deomark, says a team of professors from four of the five Danish universities. They think the royal Dane carried little for all that was rotten in the state, but instead fell into the petty bourgeois error of introspection and existentialist speculation.

Shakespeare was to blame, say the academics, who are headed by Professor Falte Olsen, of Copenhagen University. In a pamphlet entitled "Say No to Hamlet," they are urging a boycott of the Old Vic production which is to open, with Derek Jacobi playing the prince, at Elsinore on August 31.

Confusion reigns

With high interest rates, time is worth more money than ever nowadays. Perhaps this accounts for the growing incomprehensibility of business letters, as companies seek to delay expensive transactions by sowing confusion.

Matter of forms

Every British trade mission to Brazil has come back with a basic view: the opportunities are wonderful, if you can fight your way through the paperwork.

Castle in the air

A guide was battling to make herself heard against the roar of overhead airliners at Windsor Castle the other day. After one such interruption an American in the tour party demanded: "What's wrong with the town lanners around here? Why did they build the castle so near the airport?"

needed to direct resources to the places where they can be effectively used, and put pressure on the laggards, though one can foresee bitter contention once the judgments are made public.

The issues of trade and exploitation, however, are a matter of present rather than future contention. To a large extent these are the same issues which have been rehearsed endlessly at the UNCTAD meetings in Manila, the Gatt talks in Tokyo, and many other meetings.

All the same, these issues have a rather sharper edge when rural questions are being discussed. This is because the markets of the West and the would-be reformers are often competing for the same resources of cultivable land.

There are strong reasons for this disillusion. First, the establishment of export plantations reduces the land available for the rural population. Second, prices are often set so as inadequate, and the growers have for years been demanding better opportunities to move downstream into processing and marketing, with results they find acutely disappointing.

As a result, there is a danger that more countries will adopt the essentially isolationist approach of such countries as Tanzania, limiting imports to the minimum of bare essentials so that resources can be concentrated on domestic develop-

ment, even at considerable material sacrifice. Such countries argue that employment and attacking poverty are more important than foreign currency or sheer marketable tonnage.

Suspicion of commercial development is at its most intense where transnational corporations are concerned. The countries interested in developing country agriculture are grouped together in a body called Industrial Co-operation for Development, an effort to ensure that their activities fit in with the needs and aspirations of host countries.

However, this is not the cut-and-dried issue of virtuous collective versus wicked capitalist which the "propagandists" of voluntary aid—mainly of the extreme Left—like to put forward. In an address which was generally regarded as the high spot of a dull meeting, President Julius Nyerere admitted the setbacks which Tanzania's self-sufficiency project has suffered. He drew a central lesson: no government can force the pace of reform beyond what the rural people themselves want.

Perhaps, because of the setbacks of collectivisation in the more socialist countries, and problems of efficiency in countries still attached to personal ownership, co-operatives, though very far from a new idea, seem much favoured at the moment. Certainly in Rome the most significant alteration to the official draft resolutions—apart from those reflecting standard North-South squabbles—was the inser-

tion of a series of clauses calling on national governments and aid and financing agencies to assist the setting up of new co-operatives.

An observer from what is, in this context, a very rich country can hardly spend 20 days in the company of experts in such matters, without acquiring a good deal of sympathy for some of the "Third World" arguments. Those who preach self-help at home should respond to it abroad, even if this may require an interval of protective self-isolation.

Peasants who may require years to reach the level of literacy and sophistication to set up a local co-op can hardly demand equal terms with Western commerce.

Certainly the Western insistence on reciprocal trade arrangements and commercial terms can seem strangely irrelevant. One example will serve as illustration: one of the smallest countries represented (population about 60,000) has had an offer from Germany of a "mutual investment treaty."

"It is kind of the Germans to show such concern about our large investment assets in their country," the development minister observed to me. "But they really want of course a better compensation for the land they own if we want to take it over."

Again, despite the concern of professional aid agencies with small enterprise on the grounds some Western development thinking remains on a gargantuan scale. The Trilateral Commission, a private think-tank of which President Carter was a member until his election, is at the moment trying to sponsor a project of no less than \$200 million for rice irrigation. This demands large inputs of energy and chemicals, and is regarded by the potential beneficiaries with suspicion. At the other end of the scale President Senghor of Senegal described how fishery productivity had been near-doubled by providing small outboard motors for traditional canoes.

This kind of modest indigenous project is the stuff of self-help and independent poverty, and it requires little and local initiative. Large investment programmes, unless devised with great tact, and even gifts of free food, which can undermine local markets, can disrupt the process. The very aim of Western investment, which are essential sources of high-powered consumers, may be counter-productive. The World Bank argues eloquently that only rural prosperity can foster development, because it provides markets, and the same argument would seem to apply to world trade. As the EEC Commission, hardly a Third World lobbying organisation, argue in the report cited above: "In the experience of the Community, policies aimed to foster the interest of producers are more effective in sponsoring growth and development than those which favour consumers."

While President Nyerere stressed the need for local initiative rather than paternalist planning, he was a little less open about a further lesson in his own country. The collective idea has in fact gone into retreat, except in marketing surplus produce. It has turned out, as in so many countries, that there is no incentive like family ownership. Subsistence farmers are Thatcherites.

Co-operatives development

Abnormally high productivity from quite small peasant-owned plots is indeed a common experience in countries as different as the Soviet Union and Cuba at one extreme, where such ownership is discouraged, and France and Italy at the other, where it is the norm. A co-operative of productive owners, sharing major equipment, storage facilities and transport as well as marketing, seems to be a later stage of development.

This idea also crosses ideological frontiers, and is as vigorous in Hungary as in Italy (where co-ops produce more than half the wine). France (where they are important in fruit and vegetables as well as other crops) and Ireland (where they dominate the dairy industry). Indeed the co-ops have now started direct trade between themselves, to cut out middlemen and the much-attacked multinational corporations, in the time of \$100m in their first year of direct contact.

Perhaps, because of the setbacks of collectivisation in the more socialist countries, and problems of efficiency in countries still attached to personal ownership, co-operatives, though very far from a new idea, seem much favoured at the moment. Certainly in Rome the most significant alteration to the official draft resolutions—apart from those reflecting standard North-South squabbles—was the inser-

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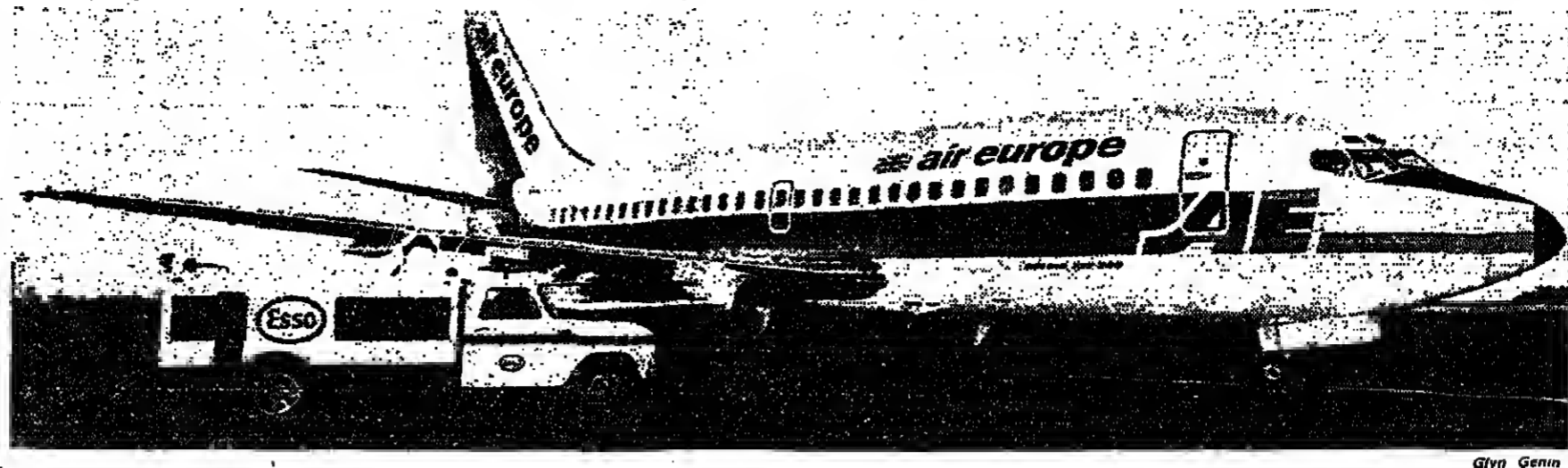
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# The fuel trauma and the airlines

BY MICHAEL DONNE, Aerospace Correspondent



Glyn Genn

THIS SUMMER, the world's airlines have been going through a traumatic experience, as a result of the steep rise in fuel costs which have already wrought havoc with their budgets for the current year. Their fuel bills, originally expected to amount to just over \$4bn in 1979, have already soared by more than 80 per cent to \$7.3bn.

The most immediate response has been to raise fares. They went up in April by 5 to 7 per cent, which helped the airlines to recoup about \$1bn of the additional fuel costs. Now, they are to go up from September 1 by another 8 to 15 per cent depending on the routes. It is hoped this will help the airlines to recover the rest of the fuel price increase. If not, further fare rises will have to be introduced later, and these will certainly occur if OPEC puts up its crude prices again in the months ahead.

Individual airlines' experiences vary, but British Airways says its fuel bill for this year is likely to be up 70 per cent from last year's \$240m to over \$400m. While some of this is due to more flying because of traffic growth, the bulk of it is due to price rises.

The average world airline price for fuel, which late last year was between 40 and 45 cents a U.S. gallon, is now around 75 cents, and is expected to go well above 80 cents before the year-end. Already, rates of well over \$1 a gallon on the spot market are common, and many airlines are buying fuel at that price, simply to keep operations intact in the face of cutbacks in supplies from major oil companies. One big U.S. airline, Braniff, says it is only getting 77 per cent of its fuel from its normal suppliers, and is buying the other 23 per cent on the spot market, at over \$1 a gallon.

While the airlines believe that the dearer fares will deter some passengers, they do not believe that they will result in a dramatic drop in traffic—unless there is a further shattering rise in fuel prices.

Rather, they expect the effect to be a slowing of the rate of growth of passenger traffic, to perhaps around 5 per cent a year, against the 10 to 12 per cent a year that has been seen in the immediate past.

Even though the entire "fares plateau" is now being raised sharply, the airlines argue that within that structure there will still be some remarkably wide fare differentials, with many "public excursion fares" at rates up to 40 per cent cheaper than "normal economy class tickets". Airlines will try to preserve these differentials, even if fares have to go up again after September, so that it should still be possible for passengers to get comparatively cheap flights—though at a dearer level than hitherto.

Revisions

Airlines are now revising some of their forward estimates of traffic growth. British Airways, for example, which for this year was working on the assumption that it would be carrying around 30m passengers a year by 1986, is now thinking in terms of reaching 30m a year closer to 1990.

Forecasts in other areas of civil aviation may also have to be re-examined in the light of the pressures arising from the fuel price increases. It is possible that some of the airport developments for the 1980s may have to be revised. This does not seem to be true for London and the South-East of England, however. Both British Airways and the British Airports Authority remain convinced

that the pressures on existing airports at Heathrow and Gatwick will become so severe that new terminal developments at both of them—the fourth terminal at Heathrow and a second terminal at Gatwick—will still be necessary, with also eventually a third major airport for the area.

The BAA argues, for example, that it has already built into its passenger forecasts some very pessimistic assumptions about traffic growth, but that it still expects a rise of about 5 per cent a year through the 1980s. Thus, it still believes it will need the fourth Heathrow terminal, to raise that airport's capacity from 30m to 38m passengers a year, and the second terminal at Gatwick, raising its capacity from 16m to 25m passengers a year, together with limited further use of Stansted and Luton, this will give capacity of about 65m passengers a year in the south-east airports by the mid-1980s.

But by the late 1980s, even with dearer fares, and the possible effects on air transport of an economic recession, there

will still be a shortfall of airport capacity over demand, and thus, a third airport will become necessary.

This will be to meet not only traffic growth that by then will have resulted in well over 60m passengers a year, but which will also continue to rise into the 1990s. The BAA bases its arguments on the fact that air travel growth is not going to come to a halt, and decline, but is likely to keep on growing at a slower rate through to the end of the century and beyond, because it is now an indispensable adjunct to world economic activity.

Nor is the fuel problem likely to halt the re-equipment tide now flowing through the world's airlines, although it may slow it a little and stretch it over a longer period of time. This is because the new generation of jets—the Boeing 737 and 767, the European Airbus A-300 and A-310, the McDonnell Douglas DC-9-50s, and the latest versions of the 747 Jumbo jet, Lockheed TriStar and McDonnell Douglas DC-10—will all be needed to replace existing ageing, noisy and fuel-inefficient aircraft.

About 30 per cent of the 3,500 airliners expected to join the fleets by the early 1980s will be needed to replace existing jets, and the rest will be needed to cope with traffic growth through to the end of the century.

The introduction of these new aircraft will help the airlines a great deal in meeting their fuel problems. British Airways says that the new Boeing 737 will consume up to 40 per cent less fuel per passenger than an existing Trident Three jet, while a Boeing 737 will burn up to 25 per cent less fuel.

What worries the airlines more than the fuel price rises is the supply situation, which is acute in some parts of the world, such as India, the Far East and some parts of the U.S. This has already obliged some airlines to trim flight frequencies or even to cut some services entirely. Air Canada is cutting out flights between Toronto/Montreal and Shannon this winter, while Trans World has cut flights between New York and Ireland, and between some marginally uneconomic European points.

This trend has not yet become widespread, but it could do so if fuel supplies get worse, and many more of the world's marginally profitable routes could be eliminated.

In the meantime, the airlines are now concentrating upon making the best possible use of every available drop of fuel, and this is resulting in some remarkable innovative thinking in the air transport industry.

British Airways, for example, has been asked by the Department of Trade to cut its fuel requirements by 5 per cent from this autumn.

procedures, and trying to avoid "stacking," which is wasteful of time and fuel.

Many of these improvements, of course, cannot be achieved by the airline alone. They depend upon the goodwill and increased efficiency of others, including operators of air traffic control procedures, especially on long-haul international flights passing over many different countries. But it is thought that if all these measures can be used together, for British Airways alone they could result in a saving of up to 10m gallons of fuel a year. This is only about 1 per cent of its total consumption, but at prices of anything up to \$1 a gallon, the cash saving is substantial.

But all these measures, vital though they may be, cannot alter the fact that in the short term some flights may have to be cut out entirely. It is possible, for example, that on the denser traffic routes, both long and short-haul, the number of flights per day will be reduced, thus helping to push up loads on those flights remaining. British

Airways has said that as far as possible, it will try to ensure that all destinations served today will continue to get services, but the frequencies may have to change.

In the longer-term, the pressures will also be on the manufacturers to produce bigger airliners. Already Boeing is studying a 600-seater Jumbo Jet, in which British Airways is interested. This will be a much heavier aircraft than any built hitherto, requiring engines of greater power—up to about 60,000 lbs of thrust. But they will be even more efficient engines than those of today, with still further improvements in fuel consumption. All that is holding back Boeing—and the engine manufacturers—is the need to win enough customers to justify the costs involved in developing the engines and airframes.

Rolls-Royce, for example, has developments under way for the RB-211 that will improve its fuel consumption by about 5 per cent over engines already in service, and it can see further developments in the future that will give another 5 per cent improvement.

All these developments indicate that the airlines, and the aircraft and engine manufacturers, are taking the fuel crisis seriously. They accept that it is unlikely to be of comparatively short duration, such as that of 1973-74, and that the more permanent nature of the problem will dictate more fundamental solutions. At present, like everyone else, they are feeling their way forward in an uncertain situation, but because aerospace has always been an industry accustomed to long-term forward planning, it is probably better placed to meet the crisis than many other industries.

New auditing requirements

From Professor J. Shaw

Sir, Mr. Percy (August 1), urges us to influence the Government to change the law. He summarises well the reasons which argue for change, but he came to the wrong conclusion. The review procedure he proposes for the accounts of small companies will not do because it is inconsistent with the objectives of audit.

The audit function lends credibility to the accounts submitted by directors to shareholders and thereby adds to their usefulness. A disclaimer of audit opinion, or a heavily qualified audit opinion, adds neither credibility nor usefulness. Indeed, it is likely to add confusion and misunderstanding. Confusion and misunderstanding will certainly result from the proposed review procedure. As explained by Mr. Percy, this seems to be some sort of "near audit". Near audit is no audit.

Any change in the law should not seek to substitute an unhelpful review procedure. Small companies should be allowed quite simply to opt out of the audit requirement. That would not interfere with but would emphasise the continuing responsibility of directors to prepare accounts which show a true and fair view.

Accountants in public practice could then concentrate on assisting directors of small companies to understand and discharge their reporting responsibilities. They would have more time to assist such directors to a better understanding of modern financial techniques. They could contribute to improving the quality of managerial control decisions. Thus, the accountancy profession could help significantly in improving the quality of management, and thereby the commercial performance of the many small companies which play an important part in our economy.

This would be a far more useful service for the accountancy profession to render to the community than the continuation of attempts to audit the unaudit-able, or the adoption of an inappropriate near audit as implied by the proposals for "review".

(Prof.) J. C. Shaw, Department of Accountancy, University of Glasgow, 67, Southpark Avenue, Glasgow.

Letters to the Editor

can be used for little other than fish farming.

As soon as one starts modifying the power cycle (using either "back-pressure" or "pass-out" turbines) in order to raise the temperature of the rejected heat, the calculation of combined efficiency becomes complicated, but it is not obvious that there is a useful overall fuel saving, certainly not enough to cover the enormous capital cost which immediately arises. Included in fuel saving is the cost of the fuel itself.

Careful reading of Energy Paper No. 29, shows that it is not true that combined heat and power is widely used in other countries, though it has been used in special cases in some European countries. The idea appears to be unknown in the U.S. This is not to rule out district heating, but that is not the same thing. District heating may be run from separate special-purpose boilers or better still from geothermal heat. Both are being used in Paris.

Mr. W. Wilson's letter (August 3) invites one particular question: does he really think there would be public acceptance of placing in a town a nuclear power station, particularly a type like the advanced gas-cooled reactor which has no track record? In fact, I think we shall need to rely on the fast breeder reactor to save mankind that would surely be still more difficult. Combined heat and power requires more thought, not less.

(Prof.) D. A. Ball, 87, East End, Wokingham, Berkshire, North Humberdale.

Third London airport

From Mr. F. Steiner

Sir, Mr. A. G. A. Mackay (Letters, August 2) may be right in identifying in some Essex marshes the most suitable site for London's third airport—but must there be a third London airport at all? Whenever I go to Germany on business, I do not simply fly to the "German international" airport, but choose whatever major airport is nearest to my destination. The same applies even in tiny Switzerland where there is a choice between Zurich and Geneva, and to some extent Basle. Why, then, must over two-thirds of all air travellers to this country travel via its south-eastern corner and the majority of those through Heathrow?

If it be objected that Heathrow is a major airport for through traffic, and for passengers not landing in the UK passing through there, one might reply that Zurich and Frankfurt, too, are entrepot or turntable airports, yet they do not monopolise their countries' air traffic to the same extent. Perhaps the next major airport should be sited in the north Midlands rather than in Greater London, or even perhaps between the Sheffield area and the Scottish border.

F. M. M. Steiner, 26, Oakeshott Avenue, N.6.

A tax on sales of homes

From Councillor S. Ewing

Sir, — I think it is most unlikely that tax relief will be abolished on holding society interest in the life of this Government and there is no reason to believe that the next Labour Government will do anything to alienate its own voters.

What I think is much more likely, bearing in mind the tightness with which most family budgets are compiled, is that the gain on selling owner-occupied dwelling houses will be subjected to capital gains tax. I seem to recollect this was part of Mr. Callaghan's Budget in 1965, but it was withdrawn as the Bill was going through the House of Commons in the face of bitter opposition from his own back-benchers as well as, of course, from the Tories. Mrs. Thatcher is anxious to broaden the tax base and this is possibly now the most painless way left. The deduction of tax at source could be made by the solicitor acting in the conveyancing and passed on to the Revenue in the usual way. What the taxpayer never has, he never misses.

(Councillor) Stewart Ewing, City Chambers, Glasgow.

Food import levies

From Mr. G. McBroom

Sir, — In her article of August 2 Margaret Van Hatten reported the possibility of EEC tax on our farm exports from our EEC partners. There is a much more costly certainty arising from the disappearance of MCAs (monetary compensatory amounts).

From now on the UK will have to pay the full EEC import levy when buying certain basic foods from non-EEC countries. This is no small item. On a simple basic food such as lard, the import levy amounts to about 190 per tonne or about 25 per cent of the value. To the housewife, it means an extra cost of over 4p per lb unnecessary tax.

In fact, the excessive levy has all but eliminated the traditional UK lard trade with non-EEC suppliers. Meanwhile, our EEC farmers enjoy a 50 per cent protection when they sell their lard to the UK.

Because the UK is the major food importer in the world, these EEC food import levies penalise mostly the UK.

G. McBroom, 130, Bevington Road, Rock Ferry, Birkenhead, Merseyside.

Combined heat and power

From Professor D. Ball

Sir, — I was disappointed to see that your review (July 27) of Energy Paper No. 35, on combined heat and power, started with a reference to "heat wasted in power generation". The heat in question is the heat rejected at the low-temperature end of the Carnot cycle: it is not "wasted" in power generation because it is an inevitable part of the process of converting heat energy into mechanical energy.

In a theoretically ideal system this rejected heat (the proper term for it) would be at ambient temperature and no one would think of it as available heat. But in practice it must be a little above ambient temperature to allow it to pass out through the heat-exchanger (condenser) at a reasonable rate—but so little above that it

Saving fuel

From Professor M. Hampshire

Sir, — With reference to Dr. Walker's letter on "Saving copper and fuel" (July 31), I would point out that a two-wire single cable system for controlling vehicles, has been jointly developed by the University of Salford and Ward and Colford. The system is in an advanced stage of engineering and has aroused much international interest. In middle- and up-market cars, multiplexed wiring systems, as they are called, can reduce the amount of copper by 75 per cent. Weight saving, however, is not so significant taking vehicles as a whole and there will not be a significant reduction in fuel use, if multiplexing is widely adopted.

Significant fuel savings could be achieved by using micro-electronics for engine management thereby increasing the burning efficiency of fuel, and for control of automatic transmissions which, as designed at present, are very wasteful of energy. Both these areas are being actively researched at present.

(Prof.) M. J. Hampshire, Department of Electrical Engineering, University of Salford, Salford.

Encouraged to save

From Mr. R. Lancaster

Sir, — While Mr. Beattie's suggestion (August 3) that tax concessions should be removed from the financial institutions is not entirely without merit, and Lex appeared to be reflecting similar sentiments that day, contrary points may legitimately be made.

The suggestion disregards what was surely the original purpose of these concessions, viz, to encourage the prevention of financial hardship consequent upon a premature death (in the case of life assurance) or upon excessive longevity (in the case of pensions). Similar reasons apply to charities, which also benefit greatly under present tax laws.

These remain arguably valid purposes. If people are to be encouraged to do other than rely on the state at times of severe misfortune, the difficulty is that, when tax concessions are introduced for one purpose, they become adroitly adapted for other purposes, e.g., the life assurance concession is now the starting-point for savings plans having more to do with short-term investment than with insurance in its true sense. Removal of the concessions, however, would lose the baby along with the bath water.

The snag with removing the tax bias towards saving

Today's Events

Dublin Horse Show opens (until August 11).

COMPANY RESULTS

Final dividends: Acoro Securities, Acrow, Asea, Bristol Evening Post, Centreway, Cooper Industries, Cowan de Groot, Hambro Trust, Smith Bros, Unitech, George Whitehouse Engineering, Interim Dividends: Aaronson Bros, Agnis Securities, Carron Company (Holdings), Horizon Travel.

COMPANY MEETINGS

Stead and Simpson, Fosse Way, Syston, Leics, 12, Trifus, (until August 11).

4, Holborn Circus, E.C. 2, 30, Triplex Foundries, Upper Church Lane, Tipton, W. Midlands, 12, Walker and Staff, Walkar House, 6-8, Bounding Street, Shore-ditch, E.C. 12, 30.

CURRENT EXHIBITIONS

Donlon products, with the story of Donlon as theme, Victoria and Albert Museum (until August 13).

Summer Exhibition, Royal Academy of Arts (until August 12).

One thousand years of British Gardening, Victoria and Albert Museum (until August 26).

Holbein and the Court of Henry VIII, Queen's Gallery, Buckingham Palace (until September 30).

150 years of the Metropolitan Police, Museum of London (September 20).

LUNCH-TIME MUSIC, LONDON

Recital of French organ music, Margaret Phillips, St. Lawrence Jewry, next Guildhall, 1.00 pm.

Forty-eight Preludes and Fugues by Bach, Harold Dexter, St. Botolph Aldgate, 1.00 pm.

Storing energy

From Mr. P. Kelley

Sir, — I was very interested to read the article by David Fishlock (August 1) which gave me just a little more confidence that something is being done to look after the energy needs of our children and grandchildren. The article highlighted the

problem of storing electrical energy, which reminded me of a report about six years ago which showed that not only was fly-wheel energy storage technically possible, but that it would also be economical. In all the current writings I have seen no reference to flywheels. Does this mean that nobody is treating this possibility with the serious attention it deserves?

Peter H. S. Kelley, The Garth, 27, Dean Street, Brewood, Stafford.

procedures, and trying to avoid "stacking," which is wasteful of time and fuel.

Many of these improvements, of course, cannot be achieved by the airline alone. They depend upon the goodwill and increased efficiency of others, including operators of air traffic control procedures, especially on long-haul international flights passing over many different countries. But it is thought that if all these measures can be used together, for British Airways alone they could result in a saving of up to 10m gallons of fuel a year. This is only about 1 per cent of its total consumption, but at prices of anything up to \$1 a gallon, the cash saving is substantial.

But all these measures, vital though they may be, cannot alter the fact that in the short term some flights may have to be cut out entirely. It is possible, for example, that on the denser traffic routes, both long and short-haul, the number of flights per day will be reduced, thus helping to push up loads on those flights remaining. British

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UK COMPANY NEWS

Ellis & Everard tops £1m: liquidity improves

PROFITS EXCEEDING £1m and a total dividend raised from 5p to 5.75p are announced by Ellis & Everard, distributor of industrial chemicals, for the year ended April 30, 1979.

The pre-tax profit of £1.05m compares with £969,000 for the previous year which included results of the building supplies division sold in August 1978. This year's profit includes no contribution from that division and is almost entirely attributable to chemical merchandising operations.

The directors say the year's profit is below expectations at the time of their interim report—mid-way profits were £546,000 against £622,000. After a good start, the second part of the year was affected by industrial disputes and severe weather conditions.

Earnings per 25p share, before tax, are shown as 16.8p against 10.5p and 13.9p (5.2p) net. The final dividend is lifted from 5p to 5.75p.

Turnover for the year amounts to £22.1m. Last year's £42m included a contribution from building supplies of £23.5m.

Attributable profit, after a much lower tax charge and an extraordinary surplus is 211 per cent higher at £1.05m against £348,000.

The directors say the building supplies division sale was one of three transactions last year which made a significant difference to the group. The others were the sale by Unilever of

HIGHLIGHTS

Surging oil prices burst through into July wholesale prices and Lex looks at the latest inflationary trends, which come against a background of buoyant retail sales and EP credit advances during June. Elsewhere Lex looks at the high stock gains currently being seen in the oil sector in the light of the recent U.S. quarterly figures ahead of the Shell and BP results which are due soon. Finally on a day when sterling weakened, the impact of the Chicago futures market on the sterling foreign exchange market is examined.

29 per cent of its holding to ICI and the repurchase by Ellis and Everard of ICI's minority holding in Ellis and Everard (Chemicals).

The result of these transactions has been to improve liquidity and to increase earnings attributable to shareholders, the Board states.

comment

Having sold the troublesome building supplies side of the business, Ellis and Everard can now start focussing most of its attentions on the chemicals

Ward & Goldstone profits cut back in second half

NATIONAL industrial dislocation cut back second half profits of Ward and Goldstone from £2.1m to £1.6m leaving the taxable surplus for the year ended March 31, 1979, down from £3.24m to £3m. Turnover finished the period ahead from £62.53m against £59.9m.

The directors state that sales for the first quarter of the current year are 12.8 per cent higher than the corresponding period last year.

Pre-tax figure was struck after depreciation £1.48m (£1.61m), and bank interest £741,507 (£507,369).

Tax charge for the year was much lower at £22,006 compared with a previous £1.55m giving earnings of 19.65p (15.69p) per 25p share—there was a prior year adjustment credit of £1.7m (nil).

Total dividend for the year is stepped up to 4.9916p net with a final payment of 4.0916p—last year's total was 4.5378p.

Ward manufactures insulated wires and cables, electrical and plastic accessories.

Capital expenditure during the year amounted to a record £3.64m against £2.77m in the previous year.

comment

This is the second year of turnover growth coupled with lower profits from Ward and Goldstone. Profits are down by 10 per cent and there is no immediate solution in sight.

Analysis agrees that industrial disputes in the second half contributed heavily to the group's poor performance. The Ford strike (Ford is a major customer for automobile wiring), transport strike and the group's own labour problems combined with a declining export market to damage earnings. Exports dropped by 28 per cent over last year. Although first quarter sales are 12 per cent higher than the same period ended last year, margins are down and the company may not achieve higher earnings simply on increased turnover. It has embarked upon a programme of factory purchases (two factories costing £3.6m), which could pay off in the near future, but a fire near one of the new factories has slowed its progress.

The total dividend is up 10 per cent, yielding 7.9 per cent at yesterday's share price of 94p. This is covered 1.9 times on fully taxed earnings, with the p/e at 9.5 on the same basis. Ward and Goldstone is certainly looking to its higher sales volume and factory purchases to improve its performance next year, but in the current market it is not the most attractive share to hold.

DIVIDENDS ANNOUNCED

Table with columns: Company, Current payment, Date of payment, Corresponding div. year, Total year year, Total last year year. Includes entries for Anglo-Am. Asphalt, County and District, Ellis and Everard, Howard Shuttering, Owen and Robinson, Ward and Goldstone.

Dividends shown pence per share net except where otherwise stated. \* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues.

County and District progress

AFTER tax, the amount available for distribution by County and District Properties for the year to March 31, 1979 advanced from £526,412 to £638,238. Turnover for the period amounted to £1.25m compared with £1.97m. Tax took £78,506 against £54,383 and earnings per 10p share moved ahead from 5.26p to 6.35p. The final dividend is 1.26918p for a 1.7586p (0.8878p) total, and a one-for-two scrip issue is proposed.

Following a revaluation of group properties the net asset value per share at March 31 was 217.1p (142.8p).

The directors state that borrowings only amount to 13.1 per cent of gross assets, and substantial unused lines of finance are available for future requirements. Work on major developments will be commencing during the current year.

Symonds Engg. turnover ahead so far

Mr. G. A. Rowley, chairman of Symonds Engineering Company, feels it would be imprudent to

Size of Hill Samuel Agricultural doubled

The Hill Samuel Agricultural Property Unit Trust virtually doubled in size from £12.6m to £22.95m over the year to March 31, 1979 according to the latest report. The unit price advanced 21 per cent over the year and the value of the distribution increased 27 per cent from £60.15 to £76.47 per unit.

OIL AND GAS NEWS BP-Woodside Petroleum North West Shelf deal

BY JAMES FORTH IN SYDNEY

BRITISH PETROLEUM has entered into an agreement which will increase its interest in oil exploration areas on the North-West Shelf of Australia. BP will farm-in on two areas held by Woodside Petroleum, a member of the consortium which has already made major discoveries of natural gas on the shelf.

The agreement provides for BP, another member of the shelf consortium, to take over 100 per cent of Woodside's drilling costs in the two permits WAS37P and NTP5 in the outer Browse Basin. The wells may cost to the region of A\$10m (£5m) each and are part of a new deep water programme in the area.

Under the deal, BP will obtain 50 per cent of Woodside's interest in the two permits which will lift BP's own interest from 16.66 per cent to 41.66 per cent. It is planned to drill a well, Buffon No. 1 in WAS37P, and Mount Asmore No. 1 in NTP5. Water depths will be between 500 metres and 1,000 metres. One previous hole was drilled in each of the two permits without success. However, several years ago a

forecast results early in the current year, with due regard to all the uncertainties in the national economy that lie ahead.

The order book is good, however, and turnover for the first four months of 1979-80 is showing an increase on the corresponding period last year.

As reported on July 27 taxable profits for the year ended March 31, 1979, rose from £192,495 to £221,492 and the net dividend is stepped up to 1.55p (1.3454p) per 5p share.

At balance date fixed assets stood at £42,046 (£41,466). Net current assets were £540,265 (£587,285).

Meeting, Great Eastern Hotel, EC, August 30 at 11.30 am.

£0.41m for Howard Shuttering

Pre-tax profits of Howard Shuttering (Holdings) rose from £335,323 to £409,968 in the year to April 30, 1979, on turnover of £3.22m, against £3.38m.

At the halfway stage, the surplus was ahead from £114,012 to £218,966.

After tax for the year of £218,062 (£147,291), earnings per 10p share are given as 4p (3.6p). The net total dividend is raised from an adjusted 0.99p to 1.54p, with a 1p final.

Advance by London & Lomond

For the first half of 1979 gross revenue of London and Lomond Investment Trust expanded from £624,110 to £663,349. After expenses and tax of £17,049 against £155,702, the available balance improved from £284,718 to £316,694.

Earnings per 25p stock unit rose from 1.51p to 1.69p and the dividend is stepped up from 1p to 1.4p at a cost of £284,600 (£189,000). Last year's total payment was 2.8 per cent.

NORWICH UNION ANNUITIES UP

The Norwich Union Insurance Group has just finished a complete reassessment of its immediate annuity rates which has resulted in these being



Mr. J. O. Hambro, chairman of Hambro Trust, who is due to announce today the group's preliminary figures

A. American Asphalt runs into loss

THE DIRECTORS of Anglo American Asphalt Company announce a pre-tax loss and a cut in the dividend for the year ended March 31, 1979.

Despite associates' profits for the period of £126,965 against £191,006 the group finished with a loss of £76,913 compared with a £255,359 profit previously.

The dividend is cut from 2.655p to 2.13p, with a final payment reduced from 1.82p to 1.065p net per 25p share.

Profit had slumped at the halfway stage from £254,000 to £3,000, but the directors were confident of a return to profitability in the near future.

They state now that the adverse market conditions for pipeline coating systems prevailed throughout the year and demand for products was poor.

However, the outlook is encouraging and in the first quarter of the current year there has been a marked improvement in trading conditions. There is a clear indication that major pipeline projects are moving ahead, the Board states.

Turnover for the period declined from £2.96m to £2.12m.

increased by some £8 per £100 investment.

Therefore, an outlay of £10,000 will now secure an immediate annuity of £1,419 a year for a man aged 65 or £1,997 for a woman aged 60, the payments being made half-yearly. Under the old rates, the amounts would have been £1,536.60 and £1,512.

The annuity rates of the group are highly competitive after this revision.

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Earnings per 25p stock unit rose from 1.51p to 1.69p and the dividend is stepped up from 1p to 1.4p at a cost of £284,600 (£189,000). Last year's total payment was 2.8 per cent.

The net asset value per stock unit at June 30 was 102p (104p).

A further multi-currency loan of U.S.\$2m was negotiated in June 1979, for a period of five years drawn down initially for a period of one year.

SEKERS International Limited advertisement with financial data table for Year ended March 31, 1978 and 1979. Includes turnover, profit before tax, and dividends.

IC Industries Finance Corporation N.V. advertisement for U.S. \$75,000,000 Guaranteed Floating Rate Notes Due 1991.

P. Brotherhood confident of restoring profit levels

THE DIRECTORS of Peter Brotherhood, machinery and power plant maker, are confident they can take steps to restore an appropriate level of profitability.

The experience of the past six months is too short a period on which to base any predictions, but the directors say the company will continue to take advantage of any opportunities.

The order book has been much stronger in the first six months of 1979 than in the last four months of 1978, which they say turned out to be a bad period.

As a result of their confidence, the directors recommended a final dividend of 4.8063p net for the year to March 31, 1979. This meant they had to make substantial inroads into the retained surplus.

In both 1975-76 and 1976-77, pre-tax profits were over the £1.5m mark, but slid to £764,000 the following year.

For the 12-month period just finished, the surplus dived to negligible levels at £12,079. A tax credit of £53,331 pushed the net profit up to £65,420.

Stroud Riley to hold market position

In his annual statement Mr. J. A. Selka, chairman of Stroud Riley Drummond, worsted suiting and knitted fabrics manufacturer, says that trading conditions get no easier and margins are continually under pressure.

The strong pound favours a growing volume of imports and makes it more difficult to export. However, he is confident the company will obtain its share of the market.

As reported on July 18, pre-tax profits for the year to March 31, 1979, fell from £480,000 to £406,000. The total dividend is held at 1.5p with a final payment of 1p.

Since the year-end the spinning department at Drummond and Sons has been closed. Its function had been to serve the weaving department, but the latter has not suffered in any way by the closure.

MAPPIN & WEBB

Mappin and Webb, a subsidiary of Sears Holdings, has taken a further step in its overseas expansion by acquiring the business of Rene Kern in Durseldorf.

Rene Kern, a master goldsmith and one of the foremost jewellers in Western Germany, is retiring due to ill-health.

Herr Reinhold Lehmkoester will succeed him.

KINGDOM OF SWEDEN DM 100 000 000 Private Placement 7 1/2 % Bearer Bonds of 1979/1989 DRESDNER BANK advertisement.

N.V. AMEV through its subsidiary AMEV Limited has acquired Gresham Life Assurance Society Limited from Rothschilds Continuation Limited advertisement.

Handwritten Arabic text at the bottom of the page.



# S. African mine costs are rising again

BY KENNETH MARSTON, MINING EDITOR

ALTHOUGH South African gold mining costs were held in check during the June quarter, Mr. Harry Oppenheimer, the chairman of Anglo American, says that the Republic's mining industry will probably be faced with inflation rates above 20 per cent this year compared with 13.5 per cent in 1978.

Mr. Oppenheimer, however, says that the Republic's mining industry will probably be faced with inflation rates above 20 per cent this year compared with 13.5 per cent in 1978.

of solving South Africa's social and economic problems without realising the country's "undoubted potential for rapid growth". Again, he stresses the need for black advancement.

A scheme announced by Anglo American and De Beers, "ambitious in concept and likely to be difficult of execution", is being undertaken to recruit, educate, train and develop black matriculants who will form a pool of potential managers in the financial and engineering fields.

at Shearwater, Missouri. The mine's annual lead production will be increased to about 86,000 tons from 68,000 tons.

East Maratle Mines has given the Quebec Government the required three-month notice of intention to terminate gold mining at Maratle. Closure is expected in October. The company, a member of the Little Long Lac group, says the decision was necessitated by continuing deterioration of ground conditions and a decline in ore reserves at the main East Maratle mine and the neighbouring Baratz operation. It is hoped that, "in time, the mill and surface facilities will be used to process gold ore from other mines in the north-west region of Quebec.

# Marshalls (Halifax) starts well

THE current year has started well at Marshalls (Halifax) and management accounts to the end of June suggest profits appreciably ahead of last time, Mr. D. R. Marshall, chairman, says in his annual statement.

"I see no reason to dampen my confidence and general optimism in the future of the group," he adds.

As reported on June 26, taxable profits of the Yorkshire-based concrete products, rock drilling and handling equipment group rose 23 per cent to £2,571m in the year to March 31, 1979, on turnover 19 per cent higher at £27,02m.

The chairman says group policy remains one of expansion by internal growth and acquisition as appropriate. During the year capital expenditure reached nearly £2.3m, although borrowings were reduced.

"This, together with a general strengthening of the balance sheet, augurs well for our future plans," he adds.

Future capital expenditure is shown at £3.15m (£1.35m), comprising £2.31m (£0.49m) contracted for, and £837,000 (£263,000) authorised but not contracted for.

Group fixed assets were up from £7.69m to £8.73m, while net current assets were higher at £9.94m (£4.99m). Bank overdrafts decreased by £207,000 compared with a £566,000 increase last time.

Meeting, Halifax, September 3 at 2.30 pm.

# Renwick starts current year reasonably well

A REASONABLE start has been made to the current year and it will be most disappointing if there is not once again a meaningful improvement in trading and financial performance, Mr. Clifford Wilton, chairman of the Renwick Group, tells shareholders in his annual statement.

"I see no reason to dampen my confidence and general optimism in the future of the group," he adds.

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Meeting, Halifax, September 3 at 2.30 pm.

into a moderate profit, Mr. Wilton says.

"Subject to nothing untoward occurring outside our control, the improvement is expected to continue throughout 1980-81 and thereafter we hope to be obtaining a satisfactory return on capital employed."

In the motor division, the first three months of the current year had benefited from some exceptional circumstances — mainly the increase in VAT which encouraged many buyers to anticipate their new registration year purchases, Mr. Wilton says.

Despite this, uncertainties of the international fuel situation and other economic factors lead to a cautious view of the period ahead.

For the travel division, Mr. Wilton says that in spite of the considerable doubts expressed on the prospects for all travel offices at the beginning of the trading year, this division has made excellent progress.

Advance bookings for the current year are encouraging with particularly heavy demand for holidays in the U.S. However, disruption in Spanish hotels and French air traffic control are already being repeated, the chairman warns.

Meeting, Paignton, Devon.

taken up to the extent of 1,176,608 shares, or 95.8 per cent.

Confidence at Stock Conversion

The directors of the Stock Conversion and Investment Trust view the current year with cautious optimism, and the group should have another successful year.

In their annual statement, the directors say the search continues for additional properties which can be developed or modernised alone or in partnership.

As reported on July 28, taxable revenue rose from £5.36m to £8.65m in the year to March 31, 1979. The net total dividend is lifted to 3.965p (2.01175p) with a 2.925p final.

Additional development costs and acquisitions during the year amounted to £1.41m, the directors say. However, certain properties having a book value of £2.48m were transferred from properties held by investment companies to properties held by the finance subsidiary.

At balance date, bank loan and overdrafts stood at £4.11m, compared with £1.47m. The increase in bank balances and short-term funds is given as £3.71m (£0.39m).

Meeting, Café Royal, W. on September 3, at noon.

### BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether dividends are increasing or falling and the sub-divisions shown below are based mainly on last year's timetable.

TODAY	
Interline-Astronon Bros., Aquic Securities, Carron, Hezian Travel, Garage Whitehouse (Engineering), Farah-Acorn Securities, Arrow, Bristol Evening Post, Centraway, Cooper Industries, Cowan de Groot, FMC, Hambro Trust, Smith Bros., Unitech, Wagon Industrial.	
FUTURE DATES	
Interline	
Evade	Aug. 15
Holm, Sleigh and Ghamon	Aug. 17
Oliver Paper Mill	Aug. 13
Rose Brothers	Aug. 13
Royal PDWS	Aug. 2
Turner (W. and E.)	Aug. 15
Finals	
Swart New Northern	Aug. 17
High Mills	Aug. 24
London and Liverpool Trust	Aug. 9
Macallen-Glenlivet	Sept. 27
Malaysia Rubber	Aug. 15
Plico	Aug. 17
Pleasant Security Inv. Trust	Aug. 10

# Eldorado's new refinery

Canada's Crown-owned Eldorado Nuclear says that it is reviewing its proposal to construct a C\$100m (£37.5m) uranium hexafluoride refinery in Curman Park, 23 km northeast of Saskatoon, will be carried out under the environmental assessment and review process, administered by the Federal Environmental Assessment Review Office.

If approved, the refinery could ultimately process 9,000 tonnes of uranium oxide (yellowcake) from Saskatchewan to produce uranium hexafluoride (UF6). This product would be exported and, once enriched and converted to uranium dioxide, would be used in out-of-Canada electricity-generating reactors.

This refinery would be similar to the new plant to be constructed by Eldorado near Port Hope, Ontario, which is due to reach production in 1982.

### MINING BRIEFS

**GEORGE TUN**—July output: 8,578 tonnes (95 per cent Sn), including 7 tonnes low grade concentrate.

**KILLISNOCK TUN**—July output of tin concentrate: 53% tonnage (June 65 tonnes).

**PANANG CONSOLIDATED**—Output of lead tin concentrate produced and sold for July 122 tonnes (June 107 tonnes).

**SAINT PIRAN**—July production of tin concentrate: UK (tonnes treated 6,872) 75 tonnes (70 per cent tin metal); Malaysia 13 tonnes; Thailand 108 tonnes. June outputs 145, 14 and 90 tonnes respectively. UK production (South Crofty) was affected by industrial action during the month.

### ROUND-UP

Noranda's Brunswick Mining and Smelting is another Canadian base-metal mining major to report first-half profits surpassing those for all 1978. First-half earnings are C\$32.1m (£12m), or 94 cents per share, compared with C\$25.6m, or 75 cents, for all 1978.

Kennecott Copper plans a \$25m (£14m) expansion of its Ozark Lead mining operations.

### Points from the statement to shareholders by the chairman Mr. H. F. Oppenheimer

South Africa's sound financial position has a very serious counterpart in the form of excess productive capacity and massive unemployment. Hence it is of vital importance that our favourable balance of payments is handled in such a way that it brings about greater investment and production. The last budget and the progressive implementation of the De Kock report are important steps in the right direction. However in the absence of an inflow of long term capital from overseas the authorities remain cautious.

What is required is greater confidence, internally and externally, in the future of South Africa. It is impossible to deal with the problem of unemployment without investment on a massive scale and a great increase in the skilled labour force. The latter can only be achieved by training large numbers of black workers and their absorption into industry on a stabilised basis.

While economic arguments can possibly be developed in favour of delaying the trend towards capital intensive industry by the maintenance of a comparatively low wage structure, it is quite impossible today to envisage either a serious reduction in the standard of living of white workers or the indefinite continuation of an outmoded system of racial discrimination under which black earnings are kept disproportionately low compared to those of whites.

We cannot hope to solve the basic problems of the country socially and economically unless we can find the means to realise the country's undoubted potential for rapid growth. It is entirely fitting, therefore, that the thrust of Government policy, as exemplified by its response to the De Kock report and by the budget, is now on the need to promote growth in the advanced sector of the economy through greater reliance on the market mechanism and private initiative.

The Government has accepted the Wiehahn and Riekert reports in principle but is not prepared at this stage to legislate in respect of certain key recommendations nor to commit itself to a time scale in regard to the proposals as a whole. This legislation that has been enacted is inadequate, and a disappointment to many of us. It must be taken into account however that the reports propose changes which, unexceptionable though they may be elsewhere, are radical in the South African context and that the Government itself appears to regard its response to them as incomplete and only a beginning.

The De Kock, Wiehahn and Riekert reports, together with the Government's initiatives in the political sphere, may mark the beginning of new and more realistic policies on which it may be hoped that a stable and peaceful future for the country could be built. Time however is needed to carry through the new policies and whether that is accorded will depend to a large extent on factors we cannot control, particularly the policies of the western democracies.



Anglo American Corporation of South Africa Limited  
(Incorporated in the Republic of South Africa)

### Percentage value of investment by prime source

Gold	40%
Diamonds	18%
Coal	9%
Copper, oil and gas, property	3%
Platinum	3%
Other mining	2%
Finance	7%
Industrial	18%

### Financial Summary

Net equity earnings for the year to March 31 1979 were R202 million, or 90.2 cents a share, against R195 million, or 89.9 cents a share, for the 15 months to March 31 1978. The comparison is more favourable than might at first appear because the 1978 accounts included earnings for two March quarters, when dividend income is highest. Earnings for the 12 months to March 31 1978 were approximately 70 cents a share, and on this basis net earnings for the year show an increase of 29 per cent.

If the Corporation's share of the undistributed profits of those companies in which it or its associates, in aggregate, directly or indirectly hold 20 per cent or more of the equity were taken into account, the estimated total earnings for the year, after adjusting for cross holdings, would be 184 cents a share; this compares with 142 cents for the year to March 31 1978, an increase of 30 per cent.

After adjusting for the outside shareholders' interest in the excess of market value and directors' valuations over book values the net asset value per share was 1 357 cents (March 31 1978: 905 cents).

Ordinary dividends for the year totalled 46 cents a share, equal to 51 per cent of the declared earnings or 25 per cent of the estimated total earnings.

In this regard it does seem to me just possible that the renewed oil crisis as well as the disorder and violence in many parts of the African continent, which is such a large supplier of essential raw materials to the western powers, might suggest that the need for civil and economic stability, together with a policy of gradualism even when it comes to righting long-standing injustices, cannot always safely be neglected because of excessive pre-occupation with the understandable political ambitions and emotions of many of the newly independent states.

South Africa's present policies in relation to Zimbabwe Rhodesia and South West Africa/Namibia, as well as internally, surely deserve careful consideration by our friends overseas. It would be a tragedy not only for South Africa but for the world if those policies were not given the time, together with the essential measure of goodwill, to evolve and develop further.

### Employment Practices

The Corporation acknowledged the need to establish special programmes for black employees who have the potential for job advancement, in recognition of the various obstacles that stand in their way.

One of the programmes being undertaken is a scheme, ambitious in concept and likely to be difficult of execution, to recruit, educate, train and develop high-quality black matriculants who will form a pool of potential managers in the financial and engineering fields which are at the heart of our business. The scheme is financed jointly by the Corporation and De Beers, and we estimate that it will cost rather more than R3 million over the next five years. We look upon this as an investment in the widest sense, for once the scheme has proved itself it will be made available to other employers and educational institutions in the country.

We are looking forward to employing blacks for careers in the significant decision-making areas of our business. We are determined to give meaning to the concept of equal employment opportunity, and in so doing to make our own small contribution to the development of a just society in South Africa.

### Social Responsibility

Our policy of extending the role of the Anglo American and De Beers Chairmen's Fund, with the aim of pioneering new methods or demonstrating new lines of development in broad socio-educational fields, is now well established. Our largest project so far is the establishment of a college in KwaZulu which will train black students to the same high standards as the colleges of advanced technology for whites. The cost to us will be in excess of R5 million. Teaching began this year and the main building, to accommodate approximately 500 students, should be completed early in 1981.

For the Chairman's full statement and/or a copy of the annual report please complete this coupon and send to the address below.

To: Anglo American Corporation of South Africa Limited, Room 50, 40 Holborn Viaduct, LONDON EC1P 1AJ.

Chairman's statement  Annual report

Name \_\_\_\_\_

Company \_\_\_\_\_

Address \_\_\_\_\_

## British Benzol Carbonising Limited

Highlights from the Group Report and Accounts for the year ended 31st March, 1979.

	1979	1978
Turnover	£18,264	£15,377
Profit Before Tax	1,254	792
Profit After Tax	995	639
Earnings Per Share	10.5p	6.8p
Dividend Per Share	2.0p	0.6p
Net Assets	4,307	3,411

\* Turnover increased by 19%  
\* Profits before tax increased by 58%  
\* Dividend covered 5.3 times  
\* Net Assets increased by 26%

A copy of the 1979 Report and Accounts is obtainable from the Secretary, British Benzol Carbonising Ltd., Mountbatten House, 12 Elizabeth St., London SW1W 9RB.

## Marshalls (Halifax) Limited

Concrete products, rock drilling & handling equipment

### Tenth record year

Sales	£27,024m up 19%
Pre-tax profit	£2,666m up 23%
Total dividend	7.5p up 28%

"The current year has started well, and management accounts to the end of June suggest profits appreciably ahead of last year."

Mr. David R. Marshall, chairman

A copy of the report and accounts from: The Secretary, Marshalls (Halifax) Limited, Hall Ings, Southwam, Halifax HX3 9TW

ALLEN HARVEY & ROSS INVESTMENT MANAGEMENT LTD.  
45 Cornhill, London EC3V 9PB. Tel. 01-623 6314  
Index Guide as at August 2, 1978  
CAPITAL Fixed Interest Portfolios 117.38  
Income Fixed Interest Portfolios 105.00



Downing continues with heavy expenditure plans

WITH A continuing capital expenditure programme, G. H. Downing and Co. has agreed spending of £1.25m in the current year...

On the refactories side, the chairman says the group is striving to achieve new export markets with some success...

The group's main marketing areas—self-employed pensions, executive pensions and group permanent health insurance—again showed strong growth...

BTR has 20% of Bestobell

In the wake of its increased £28m bid, BTR has now picked up enough Bestobell shares to give it a holding of over 20 per cent...

2,035,000 shares in Wellman: it has acquired a further 216,000 during the offer period making its holding 3.25m (13.97 per cent)...

BIDS AND DEALS

Evode chairman resigns after takeover block

Mr. Peter Wright, chairman of Evode Holdings, the adhesives manufacturer, has resigned following an announcement by the controlling family interests that they are unwilling to dispose of their holdings...

Mr. Peter Wright, chairman of Evode Holdings, the adhesives manufacturer, has resigned following an announcement by the controlling family interests...

Tea Corporation to change structure. The directors of Tea Corporation announce the proposed acquisition of Free-Stay (the Britain) Club...

Good first half for Natl. Employers

A good first half for new life pensions and permanent health new business is reported by the National Employers Life Group of companies...

£49,300 for Owen and Robinson

Taxable profits of Owen and Robinson, jeweller and silversmith, slipped from £59,376 in 1978 to £49,300 in 1979...

REDMAN/WELLMAN. Redman Heenan's offer for Wellman Engineering has been accepted in respect of 157,615 shares (1.67 per cent)...

DAWNAY DAY COMPLETES. Dawnay Day Group has completed the acquisition of Melbourne Hart and an associated trading company...

JOSEPH CAUSTON COMPLETES. Sir Joseph Causton and Sons has completed the sale of its freehold premises at Wianall Trading Estate...

SHIPPAMS. C. Shippams, UK producer of meat and fish spreads, has negotiated on behalf of the William Underwood Company...

LADBROKE. Ladbroke Group has bought Twelve Knights Hotel, including repayment of directors' loans...

UNICORN BUYS. Through a subsidiary, Unicorn Industries has acquired the capital of the Belgian Tool Company...

JAMES GRANT. James Grant and Company (East) have furnished retailers with agreed conditionally in purchase nine shops trading as Carrick...

F. S. RATLIFF. West Bromwich Spring Company has added to its holding of F. S. Ratcliffe Industries...

SHARE STAKES. Lee Cooper Group—M. A. Cooper, director, has disposed of 23,925 shares...

London and Holyrood Trust—Standard Life Assurance Company has bought 50,000 shares, making holding 2,387,000 shares (11 per cent)...

Crosby House Group—Jazerite Holdings, as a result of a purchase by its subsidiary, Rightwings, of £5,040 10 per cent convertible unsecured loan stock...

Breedon and Clond Hill Lime Works—Ferguson Industrial Holdings has acquired 20,000 shares making holding 424,300 shares (10.45 per cent)...

Second City Properties—G. L. Joberns has sold 75,100 shares. Norcross—F. J. Briggs, director, has disposed of 30,000 shares at 51p leaving holding 70,886...

Brownlee and Co.—Mr. P. A. Barns-Graham, Mr. J. F. McLellan and Mr. A. M. Nicol, directors, acting as trustees, have sold 90,000 shares...

S. Lebov (Fabel)—Hambar Finance, a company in which A. Lebov, director, has an interest, has bought 25,000 shares...

SANDERSON-KAYSER. GEI International has agreed terms of an offer for the Sanderson Kayser preference shares...

SHILOH SPINNERS. Ezra Ring Mill has disposed of 237,077 shares and Laces has acquired 227,077 shares (81 per cent)...

NOTICE OF REDEMPTION. To the Holders of: CYANAMID INTERNATIONAL DEVELOPMENT CORPORATION 5 3/4% Guaranteed Sinking Fund Debentures Due 1980...

Table with columns for Outstanding Debentures of \$1,000 each of prefix 'A' and 'B' bearing the following two digits. Includes a list of numbers for redemption.

Payment will be made upon presentation and surrender of the above Debentures with coupons due March 1, 1980 and subsequent coupons attached at the main office of any of the following: Morgan Guaranty Trust Company of New York, 120th Floor, 30 West Broadway, New York, N.Y. 10013...

DEBENTURES OF \$1,000 EACH. Table with columns for Debenture Number, Prefix, and Digits. Includes a list of numbers for redemption.

IMI ISTITUTO MOBILIARE ITALIANO Annual Meeting of Shareholders - July 24, 1979. The Annual Meeting of the Shareholders of Istituto Mobiliare Italiano (IMI) presided over by Mr. Giorgio Cappon...

BALANCE SHEET SUMMARY AS AT MARCH 31, 1979 (47th Fiscal Year). Table with columns for Assets, Liabilities, and Contra Accounts. Includes sub-sections for Income and Expenditure Statement for financial year ended March 31, 1979.

King & Shaxson Limited. 52 Cannon Row, London EC3 3PD. Gil-Edged Portfolio Management. Service Index 88.79. Portfolio Income 88.79. Portfolio Capital 144.98.

IMPERIAL CONTINENTAL GAS ASSOCIATION (A holding company in the fuel and power industries) Substantial Increase in Dividend. The following are salient points from Mr. F. E. Zollinger's Speech at the Annual General Meeting on 3rd August, 1979.



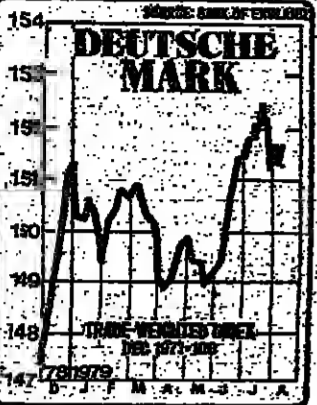
Communities and Markets

CURRENCIES, MONEY and GOLD

Sterling weak

STERLING FELL sharply in currency market yesterday after the announcement of July's Wholesale Price Index...

The dollar showed a weaker tendency overall in rather featureless trading. Against the D-mark it eased to DM 1.8390 from DM 1.8550...



The Danish krone continued to weaken within the European Monetary System and fell just under 75 per cent of its maximum permitted divergence against the ECU...

THE POUND SPOT AND FORWARD

Table with columns: Aug. 6, Day's spread, Close, One month, Three months, % change. Lists rates for various currencies like U.S., Canada, Bahrain, etc.

THE DOLLAR SPOT AND FORWARD

Table with columns: Aug. 6, Day's spread, Close, One month, Three months, % change. Lists rates for various currencies like U.K., Canada, Bahrain, etc.

CURRENCY MOVEMENTS

Table showing currency movements for Sterling, U.S. dollar, Canadian dollar, etc., with columns for Aug. 6 and Aug. 7.

OTHER MARKETS

Table showing other market data for various currencies like Argentina, Australia, Brazil, etc.

WORLD VALUE OF THE POUND

The table below gives the latest available rates of exchange for the pound against various currencies on August 6, 1979. In some cases rates are nominal. Market rates are the average of buying and selling rates except where they are shown to be otherwise...

Large table with columns: PLACE AND LOCAL UNIT, VALUE OF £ STERLING, PLACE AND LOCAL UNIT, VALUE OF £ STERLING, PLACE AND LOCAL UNIT, VALUE OF £ STERLING. Lists exchange rates for numerous countries.

EMS EUROPEAN CURRENCY UNIT RATES

Table showing EMS European Currency Unit rates for various currencies like Belgium, France, Germany, etc.

EXCHANGE CROSS RATES

Table showing exchange cross rates for various currencies like Pound Sterling, U.S. Dollar, Deutsche Mark, etc.

EURO-CURRENCY INTEREST RATES

Table showing Euro-currency interest rates for various currencies like Sterling, U.S. Dollar, Canadian Dollar, etc.

INTERNATIONAL MONEY MARKET

New York trading subdued. Federal funds were higher in early trading from 7.25 per cent yesterday to 7.50 per cent today...

UK MONEY MARKET

Small assistance. Bank of England Minimum Lending Rate 14 per cent (since June 12, 1979).

GOLD

Sharp fall. Gold recorded its seventh consecutive fall in the London bullion market yesterday and closed at \$281.25...

LONDON MONEY RATES

Table showing London money rates for various currencies like Sterling, U.S. Dollar, etc.

MONEY RATES

Table showing money rates for New York, Germany, France, etc.

FRANCE

Table showing financial data for France like Discount Rate, Treasury Bills, etc.

FRANCE

Table showing financial data for France like Discount Rate, Treasury Bills, etc.

JAPAN

Table showing financial data for Japan like Discount Rate, Treasury Bills, etc.

GERMANY

Table showing financial data for Germany like Discount Rate, Treasury Bills, etc.

NEW YORK

Table showing financial data for New York like Prime Rate, Fed Funds, etc.

GERMANY

Table showing financial data for Germany like Discount Rate, Treasury Bills, etc.

FRANCE

Table showing financial data for France like Discount Rate, Treasury Bills, etc.

JAPAN

Table showing financial data for Japan like Discount Rate, Treasury Bills, etc.

GERMANY

Table showing financial data for Germany like Discount Rate, Treasury Bills, etc.

FRANCE

Table showing financial data for France like Discount Rate, Treasury Bills, etc.

Foreign exchange. We deliver. Competitively. Test us. Midland Bank International.

INVEST IN 50,000 BETTER TOMORROWS! 50,000 people in the United Kingdom suffer from progressively paralyzing MULTIPLE SCLEROSIS...

Grow with Chuo Trust. The Chuo Trust & Banking Company is one of the fastest growing trust banks in Japan...

THE CHUO TRUST & BANKING CO., LTD. Head Office/Foreign Department: 7-1, 1-chome, Kyobashi, Chuo-ku, Tokyo, Japan.



Companies and Markets

INTERNATIONAL COMPANIES and FINANCE

NORTH AMERICAN NEWS

Increase in MCA profit in second quarter

UNIVERSAL CITY — MCA, the TV and records group, said in reporting higher second quarter results that its filmed entertainment division achieved peak results for the quarter but that the records and music publishing divisions turned in an operating loss.

Revlon expands medical interests in \$400m deal

BY DAVID LASCELLES IN NEW YORK

REVLON, the second largest cosmetics maker in the U.S. is to strengthen its diversification into the medical equipment field.

The New York-based company announced yesterday that it will buy Technicon, a maker of medical testing and information systems for \$400m. The deal will be financed partly by a new issue of Revlon preferred stock, and partly in cash.

and chief executive of Revlon said that Technicon will continue to operate as a separate entity under the Technicon name with existing management and personnel.

Intel puts together plan for survival

By Our New York Staff

INTEL, THE computer leasing company which has been left high and dry by fast-changing technology in the computer market and is now in the thick of law-suits with its insurers, has put together a drastic programme for survival over the next 18 months.

Foreign DM and sterling Eurobond prices weaken

BY FRANCIS GHILES

PROFIT-TAKING pushed down the prices of foreign Deutsche Mark bonds yesterday, while sterling-dominated issues weakened because of the drop in the UK currency.

by between 1-1/2 point on the day. In the domestic market, the Bundesbank sold DM22m worth to satisfy investor demand, but signs of investor resistance to the fall in yields came with the cold reception afforded to the latest offering of Schuldscheine notes: these offer a coupon of 7 1/2 per cent for 18 years.

London interbank rate for Bank of London Bank, while Hambros is arranging a three-year CD for \$100m on the same terms.

Lear Siegler makes headway

BY OUR FINANCIAL STAFF

LEAR SIEGLER, the diversified industrial group, expects peak sales and profits for the final quarter of the year but, according to Mr. Robert T. Campion, chairman and president, the effects of the current recession have started to "roll through" the group's product lines.

around \$66m and share earnings from \$1.08 to between \$1.15 and \$1.18. In the full year, net earnings have risen to about \$65m or between \$4.45 a share and \$4.50 a share on sales of \$1.33bn.

lines produced flat earnings in that area, Mr. Campion said that Lear Siegler's position in the unusually strong aerospace and machine tools industries is expected to help the company weather the recession well.

American Airlines to sell hotels

NEW YORK — American Airlines is taking steps which will lead to the disposition of all but one of its properties in the American Hotels subsidiary.

RESULTS IN BRIEF

Fall in Raymond International earnings

NEW YORK — The Houston-world-wide engineering and construction concern Raymond International turned in lower earnings for the second quarter of \$3.85m compared with \$4.32m last time. The company said that it expects earnings to fall over the next few quarters, but added that it sees many opportunities in the near future to obtain work which has good profit margins.

of Halliburton, the engineering and oilfield services group, edged upwards from \$3.09 to \$3.10 a share, while consumer finance concern Household Finance rose from \$1.76 to \$1.83.

Downturns for the first half were shown by offshore drilling concern Reading and Bates, with earnings per share of \$1.55 against \$1.62, and the natural gas system operator Consolidated Natural Gas, which slipped from \$4.43 to \$4.42.

Artemis plans London listing

BY OUR FINANCIAL STAFF

ARTEMIS, the Luxembourg-based international art trading group, is testing the waters with a view to a possible London listing. Fund managers from several of the largest British merchant banks were recently invited to study the record of the company, which is gathering at the Royal Academy.

variety of activities, including advisory services and sales. Approximately 40 per cent of its shares are held by the Compagnie Bruxelles Lambert, an offshoot of the Belgian banking interests of Armand Lambert, by people close to the chairman.

De much larger than most traders in the world art market, Artemis, says it has the capital to go out and purchase only the finest, highest quality works.

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. For further details of these or other bonds, see the complete list of Eurobond prices published on the second Monday of each month.

Table with columns for U.S. DOLLAR, OTHER STRAIGHTS, FLOATING RATE, CONVERTIBLE BONDS, and YEN STRAIGHTS. Includes bond names, amounts, and prices.

Rhone-Poulenc Inc.

A wholly-owned subsidiary of

Rhone-Poulenc S.A.

has acquired 93.6% of the Common Stock of

Anken Industries

The undersigned indicated this transaction.

L.F. ROTHSCHILD, UNTERBERG, TOWBIN MEMBERS ALL LEADING EXCHANGES

August 3, 1979

Japanese group buys Fotomat stake

WILTON — Konishi-roku Photo Industries of Japan has agreed to purchase 700,000 shares, or slightly under 10 per cent of Fotomat Corporation stock, at \$17.50 a share for a total of \$12.25m.

Fotomat said it was having discussions with the Japanese company concerning a joint venture to sell paper, film and possibly related products in the U.S. and Canada. They are also considering constructing a photographic paper coating facility in the U.S.

U.S. QUARTERLIES

Table with columns for BANGOR PUNTA, LOEWS CORPORATION, and RESERVE FILM AND GAS. Includes financial data for various quarters.

European Brazilian Bank Limited

European Brazilian Bank Limited is pleased to announce the payment of an interim dividend of 4% on its £12.65m issued share capital.

The shareholders are Banco do Brasil S.A., Bank of America Group, The Dai-ichi Kangyo Bank, Ltd, Deutsche Bank A.G., Union Bank of Switzerland.

NOTICE

Abu Dhabi Chamber of Commerce & Industry hereby declare that the firm M/s. Al Zaphra General Enterprises Co., P. O. Box 487, Abu Dhabi is under liquidation.

ABU DHABI CHAMBER OF COMMERCE & INDUSTRY





WEST GERMAN INVESTMENT IN THE U.S.

Chasing a lower wage structure

BY ROGER BOYES IN BONN

GRIPPED by something akin to the old Wild West pioneering spirit, more and more West German companies are looking for equity stakes in American concerns...

drawn from these figures is that both Europe and West Germany have become less attractive investment propositions for German companies...

can operate with fewer overhead labour costs—the proportion of non-productive to productive labour is much smaller—and that the lower fringe payments can help to secure margins...

Flick plans to concentrate its energy plans on coal gasification projects and on the use of biological waste products...

and Jahr, which recently made an offer for the Brown Printing Company of Waseca, Minnesota...

Mystery buying of Ansett

By James Forth in Sydney

A STRUGGLE for control of Ansett Transport Industries, the major airline, transport, hotel and television group, appears to have erupted on the stock exchanges...

Japanese oil refiner in debt

BY RICHARD C HANSON IN TOKYO

THE MAJOR shareholders in Toa Kyoeki, the oil refiner, are negotiating a shift in ownership and management responsibility in the financially troubled company...

Downturn for Carlton Paper

BY JIM JONES IN JOHANNESBURG

AN UNFAVOURABLE product mix and increased operating costs which could not be passed on in higher prices hit first-half turnover and operating profit of Carlton Paper...

Loss mounts at French state tobacco group

By David White in Paris

A DECLINE in French smokers' consumption was the main reason cited for a sharply higher loss last year at the state-owned tobacco monopoly SEITA...

Sales rise forecast by German engineer

BY ROGER BOYES IN BONN

WEST GERMAN diesel motors, vehicles and industrial engineering group, Kloeckner-Humboldt-Deutz, expects a large increase in turnover this year...

DM 250m to DM 3.4bn. The order books present a rather mixed picture. New domestic orders are up by only 1 per cent in the first half...

tor to the order books—the German building boom has for example created a strong demand for high-speed engine sets...

DNC lifts stake in Andresens

BY FAY GJESTER IN OSLO

DEN NORSKE Creditbank (DNC), Norway's largest commercial bank, has bought a 10 per cent stake in Andresens...

nothing. Another aspect of the purchase is that it will save taxpayers' money. Under a new law to make Norwegian banks more "democratic"...

The Bank of Norway said that bank share redemptions under the law had recently declined. Following the sale of Andresens' shares to DNC...

FUGIT funds Sasol subscription

By Our Johannesburg Correspondent

FIRST UNION General Investment Trust (FUGIT), the investment trust owned as to 65 per cent by the insurance company, Guardian-Liberty Life, has announced a one-for-five rights issue...

MITSUI TRUST A GUIDING LIGHT FOR JAPANESE INDUSTRIES. London Branch: 99 Bishopsgate, London EC2M 3XD. Telephone: 01-638-0841. Telex: 888679 MTRUST G.

TOKYU DEPARTMENT STORE CO., LTD. (Kabushiki Kaisha Tokyū Hyakkaten) 9,700,000 Shares of Common Stock (par value ¥50 per share) evidenced by European Depositary Receipts. ISSUE PRICE U.S. \$1,803 PER SHARE.



WORLD STOCK MARKETS

Companies and Markets

Wall St. 4.3 off at noon on inflation worries

INVESTMENT DOLLAR PREMIUM

\$2.60 to \$1-2 1/2% (24 1/2%) Effective \$2.2390-7 1/2% (8 1/2%)

AS INVESTORS' thoughts were once more directed to the inflation problem, Wall Street continued its earlier volatile trading in moderate trading.

The Dow Jones Industrial Average receded 4.27 to 841.59 at noon, while the NYSE All Common Index lost 20 cents to 559.13 and declining issues out-

expects a second-quarter loss of \$60m.

Technical rose to \$161. Revlin has agreed in principle to acquire Technicon for stock and cash valued at about \$40m.

Fotomat gained 1 to \$81. A Japanese concern has agreed to buy slightly under 10 per cent of the company's stock at \$17.50 a share.

The company also said it plans to suspend payment of dividends because of an expected decline in earnings for the year.

Sun advanced 11 to \$601. It has agreed to buy about 5 per cent of Carbolite's stock at \$30.75 a share and intends to make a tender offer for the remaining shares at the same price.

Carbolite eased to \$294 bid. THE AMERICAN SE Market Value Index shed 0.23 to 198.77 at midday on volume of 1.43m shares (1.10m).

Canada

Share prices in Montreal were mixed in lacklustre early trading. The Composite Index rose fractionally as only the Industrial sub-group index advanced, registering a rise of 1.06 at 260.89 at

noon. Banks eased 0.56 to 317.41. Papers 0.33 to 174.45 and Utilities 0.33 to 229.27.

Toronto and the two other Canadian stock exchanges were closed yesterday for the Civic Day holiday.

Tokyo

Mainly small mixed movements were the order of the day yesterday. It was rather quiet dealings, with investors expressing some concern over the extent of the market's recent rise.

However, the Nikkei-Dow Jones Average managed to harden 3.31 more to a new record closing high of 6,392.18. Turnover on the First Market section slowed to 200m shares against last Friday's 340m and Saturday's half-day session total of 160m.

Shipbuilding was bought, along with machinery manufacturers, such as Okuma Machinery Works. Steel also drew investor attention on speculation that they may pay mid-term dividends in the September half-year for the first time in two years as a result of the recent recovery in their earnings, brokers added.

Mitsui Engineering and Shipbuilding improved Y2 to Y200, Hitachi Shipbuilding to Y150

and Mitsubishi Heavy Industries also Y2 to Y160.

In contrast, Oils, after the recent strong performance, reacted on profit-taking. Nippon Oil lost Y1.50, and Y2 Photo Film and Y2 Y10 to Y8.50. Electric Power issues declined on expected poor earnings prospects.

Among irregular export-oriented stocks, Sony receded Y20 to Y1,920 and Toyota Motor Y4 to Y361, but Tai Photo Film shed Y5 to Y615 and TDK Electronic Y20 to Y1,760.

Germany

Mainly reflecting a lack of fresh buying, stock prices drifted easier in quiet conditions. The Commerzbank index, following an advance of 11.8 last week, shed 2.5 to 783.2.

Banks and some Electrics suffered the heaviest losses. Among Banks, Bayerische Hypothekendarlehen DM 4.50 and Deutsche Bank 2.50 and Bayerische Vereinsbank DM 2.40. Brown Boveri and Varta each retreated DM 3.80 to Electrics.

Traders said Banks suffered from talk circulating on the trading floor that the Central

Bank Council of the Bundesbank might adopt further credit-tightening measures on Thursday at its first session following the summer break.

KHD relinquished DM 3.90 in Engineering, while Motors had Volkswagen down DM 3 and BMW of DM 2. Neckermann receded DM 3 in Stores.

Public Authority Bonds remained in demand in quiet trading as firms up to 85 premiums more. The Bundesbank sold a nominal DM 23.4m of paper to open-market operations after DM 47.3m sales last Friday. Mark-denominated Foreign Loans were steady.

Paris

The market remained in buoyant mood with a fairly active business taking place. The Bourse Industrielle index climbed 1.1 further to a fresh 1879 peak of 88.3.

Operators said investors were selective, with a good deal of interest centred on Food and Electrical issues, notably Marle, Mumm, BSN, Docks-France, Carrefour, Pernod, TRT, CFA-Alcatel, CEM, Machebas Bull and Thomson Brandt.

Carrefour was up FRF 53 at FRF 1,600 after announcing higher first-half 1979 net earnings.

Other good performers included Cetelem, Lorraine, Ferodo, Dumex, Ciments Francais, Lafarge, Sagem, Club Mediterranee, Ferrer, Essn, Application-Gas, and Skis Rossignol.

However, Steel shares, notably a Sceller and Vallourec, as well as other Chemicals and Oils were inclined to lose ground.

Amsterdam

There was a widespread improvement in stock prices, with others reporting buying interest from institutions and some foreign investors.

The whole market is coming up and this could continue for at least a couple of days, one broker commented.

NOTES: Overseas prices shown below exclude 5 p.m. prices. Belgian dividends are shown including 5 p.m. dividend. DM 50 denem. unless otherwise stated. Y200 denem. unless otherwise stated. Y200 denem. unless otherwise stated. Y200 denem. unless otherwise stated.

GERMANY

Table with columns: Aug. 6, Price DM, +/-, Div. Yld. %

TOKYO

Table with columns: Aug. 6, Price Yen, +/-, Div. Yld. %

AMSTERDAM

Table with columns: Aug. 6, Price Fls., +/-, Div. Yld. %

COPENHAGEN

Table with columns: Aug. 6, Price Kroner, +/-, Div. Yld. %

Stocks in the International

market were helped by more steady rates for the U.S. dollar and sterling on the foreign exchange market. Royal Dutch gained 50 cents at F1 147.50 and Unilever 80 cents at F1 131.80.

Among Insurances, Nationale Nederlanden rose on F1 2.40. Ennia F1 2.30 and Amey F1 2.00 while Banks had NMB up F1 2.30.

Elsewhere, OCE-Van der Grinten advanced F1 2.80, Pakhoed F1 1.90, KLM F1 1.40 and Elsevier F1 4.50.

Hong Kong

Market was closed for the First Monday to August holiday.

Australia

The Sydney stock market was closed for a local holiday, but the Melbourne exchange saw active trading with a fair number of gains occurring in the Minings and Oils sectors.

Western Mining advanced another 9 cents to AS\$78, while BHP rose 7 cents to AS\$88. Renison Tin 10 cents to AS\$150 and Metals Exploration 3 cents to 88 cents. Uthmaniyah, AS\$3.80 and Knight Investment, AS\$4.50 put on 5 cents apiece, but Queensland Mines shed 5 cents to AS\$4.30. Weeks Petroleum climbed 30 cents to AS\$3.75.

Johannesburg

Diamond leader De Beers put on 5 cents to R3.50, while Platinum had Rasplat 3 cents barker at R2.75. In Coppers, Mopore rose 30 cents to R3.70, with some dealers saying this was account of New Commodity health conference proposals for Zimbabwe Rhodesia.

Industrials edged ahead in places.

FRIDAY'S ACTIVE STOCKS

Table with columns: Stock Name, Price, Change

NEW YORK - DOW JONES

Table with columns: Aug. 6, Aug. 7, High, Low, Close

STANDARD AND POORS

Table with columns: Aug. 6, Aug. 7, High, Low, Close

MONTREAL

Table with columns: Aug. 6, Aug. 7, High, Low, Close

TORONTO

Table with columns: Aug. 6, Aug. 7, High, Low, Close

JOHANNESBURG

Table with columns: Aug. 6, Aug. 7, High, Low, Close

AMSTERDAM

Table with columns: Aug. 6, Aug. 7, High, Low, Close

TOKYO

Table with columns: Aug. 6, Aug. 7, High, Low, Close

AMSTERDAM

Table with columns: Aug. 6, Aug. 7, High, Low, Close

COPENHAGEN

Table with columns: Aug. 6, Aug. 7, High, Low, Close

MILAN

Table with columns: Aug. 6, Aug. 7, High, Low, Close

PARIS

Table with columns: Aug. 6, Aug. 7, High, Low, Close

NEW YORK

Table with columns: Stock Name, Aug. 6, Aug. 7, High, Low, Close

Stock

Table with columns: Stock Name, Aug. 6, Aug. 7, High, Low, Close

Stock

Table with columns: Stock Name, Aug. 6, Aug. 7, High, Low, Close

Stock

Table with columns: Stock Name, Aug. 6, Aug. 7, High, Low, Close

Stock

Table with columns: Stock Name, Aug. 6, Aug. 7, High, Low, Close

Stock

Table with columns: Stock Name, Aug. 6, Aug. 7, High, Low, Close

STOCKHOLM

Table with columns: Aug. 6, Aug. 7, High, Low, Close

OSLO

Table with columns: Aug. 6, Aug. 7, High, Low, Close

JOHANNESBURG

Table with columns: Aug. 6, Aug. 7, High, Low, Close

BRUSSELS/LUXEMBOURG

Table with columns: Aug. 6, Aug. 7, High, Low, Close

AMSTERDAM

Table with columns: Aug. 6, Aug. 7, High, Low, Close

COPENHAGEN

Table with columns: Aug. 6, Aug. 7, High, Low, Close

MILAN

Table with columns: Aug. 6, Aug. 7, High, Low, Close

EUROPEAN OPTIONS EXCHANGE

Table with columns: Series, Vol., Last, Apr. Last, Stock

BASE LENDING RATES

Table with columns: Bank Name, Rate

BASE LENDING RATES

Table with columns: Bank Name, Rate

BASE LENDING RATES

Table with columns: Bank Name, Rate

BASE LENDING RATES

Table with columns: Bank Name, Rate

BASE LENDING RATES

Table with columns: Bank Name, Rate







LONDON STOCK EXCHANGE

Companies and Markets

Undertone holds steady to firm despite disappointing inflationary implications of wholesale price indices

Account Dealing Dates... After another day of limited trade, London Stock markets retained last Friday's steady to firm undertone... A little firmer for most of the day, British Funds gave the appearance of turning easier in the late afternoon... Narrow price movements in leading equities throughout the session were again well illustrated by the FT 30-share index...

Marks and Spencer hardened a penny to 112p... Despite the paucity of business, Electric Leases were inclined harder with GEC improving 3 to 381p and Plessey a few pence to 110p... With the exception of Hawker Siddeley, which edged up 4 to 182p, little of note developed in the Engineering leaders... Toy shares good... Buyers came for Toy shares in miscellaneous industrials following Press comment...

FINANCIAL TIMES STOCK INDICES. Table with columns for Aug 5, Aug 6, Aug 7, July 24, July 25, July 26, 1978. Rows include Government Secs, Fixed Interest, Industrial, Gold Mines, etc.

HIGHS AND LOWS. Table with columns for High, Low, High, Low. Rows include Govt Secs, Fixed Int., Ind. Ord., Gold Mines, etc.

NEW HIGHS AND LOWS FOR 1979. Table with columns for High, Low, High, Low. Rows include Govt Secs, Fixed Int., Ind. Ord., Gold Mines, etc.

RISES AND FALLS YESTERDAY. Table with columns for Rise, Fall. Rows include British Funds, Foreign Bonds, Industrials, etc.

LONDON TRADED OPTIONS. Table with columns for Option, Ex. rate, Closing price, Vol., Closing offer, Vol., Closing bid, Vol., Equity value. Rows include SP, Courtaulds, Grand Met., etc.

ACTIVE STOCKS. Table with columns for Stock, Denom., No. in market, Closing price, Change, 1979 high, 1979 low. Rows include ICI, Weeks Petroleum, BSR, etc.

OPTIONS. Table with columns for Deal, Deal-Declara., Settlements, etc. Rows include First Deal, Deal-Declara., Settlements, etc.

Cutler-Hammer International Finance, Inc. (Now Cutler-Hammer World Trade, Inc.)

NOTICE IS HEREBY GIVEN that, pursuant to the provisions of the Indenture dated as of September 1, 1968 as supplemented by Supplemental Indentures dated as of December 29, 1972 and March 20, 1979, under which the above described Debentures were issued, First National City Bank (now Citibank, N.A.) as Trustee, has drawn by lot, for redemption on September 1, 1979 through the operation of the Sinking Fund provided for in the said Indenture, \$1,246,000 principal amount of Debentures of the said issue, at the redemption price of 100% of the principal amount thereof, together with accrued interest thereon to the date fixed for redemption, of the following distinctive numbers:

Table listing 1,246,000 COUPON DEBENTURES BEARING THE PREFIX LETTER M. Columns include serial number, amount, and other details.

The Debentures specified above will become due and payable at LONDON PRESENTATION AND REDEMPTION THEREOF (with all coupons appertaining thereto, maturing after September 1, 1979), will be paid on said redemption date at the SED Multinational Securities Head Windows—2nd Floor of Citibank, N.A., 111 Wall Street, New York, N.Y. 10043, at the main offices of Citibank, N.A. in Amsterdam, Brussels, Frankfurt/Main, London, Milan, Paris, and at the main offices of Citibank S.A. Luxembourg in Luxembourg. On and after said redemption date, interest on the Debentures specified above will cease to accrue.

RECENT ISSUES

Table listing recent issues of equities and fixed interest stocks. Columns include issue name, price, and other details.

"RIGHTS" OFFERS

Table listing rights offers for various companies. Columns include issue name, price, and other details.

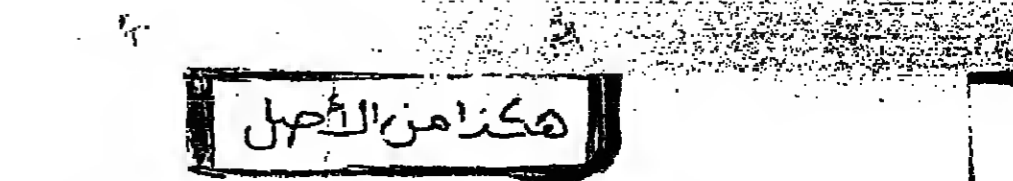
FT-ACTUARIES SHARE INDICES

Table showing FT-Actuaries Share Indices for various sectors. Columns include index number, day's change, and other metrics.

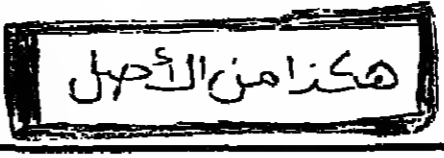
FIXED INTEREST PRICE INDICES

Table showing fixed interest price indices for British Govt and other categories. Columns include index number, day's change, and other metrics.

Redemption date, interest on the Debentures specified above will cease to accrue. Coupons due September 1, 1979 should be detached and presented for payment in the usual manner.







AUTHORISED UNIT TRUSTS

Table listing various unit trusts such as Minister Fund Managers Ltd., MSA Unit Trust Mgmt. Ltd., and others, with columns for fund names and values.

Table listing various unit trusts such as Prud. Portfolio Mgrs. Ltd., Reliance Unit Mgrs. Ltd., and others, with columns for fund names and values.

OFFSHORE AND OVERSEAS FUNDS

Table listing offshore and overseas funds such as Alexander Fund, Kessler Ultrama Ltd., and others, with columns for fund names and values.

INSURANCE AND PROPERTY BONDS

Table listing insurance and property bonds such as Abbey Life Assurance Co. Ltd., ABBY Life Assurance Co. Ltd., and others, with columns for company names and values.

Table listing insurance and property bonds such as London & Lancashire Ass. Co., Norwich Union Ass. Co., and others, with columns for company names and values.

Table listing insurance and property bonds such as Fidelity Assurance Co. Ltd., Sun Life of Canada, and others, with columns for company names and values.

NOTES: Please do not include a premium, except where indicated, and do not include a commission unless otherwise stated.

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FOOD, GROCERIES—Cont.

Table listing various food and grocery items with their respective prices and market movements.

HOTELS AND CATERERS

Table listing hotels and caterers with their stock prices and market movements.

INDUSTRIALS (Miscel.)

Large table listing various industrial companies and their stock prices.

FT SHARE INFORMATION SERVICE

FOREIGN BONDS & RAILS

Table listing foreign bonds and rail stocks with their prices and market movements.

BANKS & HP—Continued

Table listing bank and home production (HP) stocks with their prices and market movements.

CHEMICALS, PLASTICS—Cont.

Table listing chemical and plastic stocks with their prices and market movements.

ENGINEERING—Continued

Table listing engineering stocks with their prices and market movements.

AMERICANS

Table listing American stocks with their prices and market movements.

HIRE PURCHASE, etc.

Table listing hire purchase and other financial services.

DRAPERY AND STORES

Table listing drapery and store stocks with their prices and market movements.

BEERS, WINES AND SPIRITS

Table listing beer, wine, and spirit stocks with their prices and market movements.

BUILDING INDUSTRY, TIMBER AND ROADS

Table listing building industry, timber, and road stocks with their prices and market movements.

CANADIANS

Table listing Canadian stocks with their prices and market movements.

BANKS AND HIRE PURCHASE

Table listing bank and hire purchase stocks with their prices and market movements.

ELECTRICALS

Table listing electrical stocks with their prices and market movements.

Advertisement for Telford, featuring 'Factories, Warehouses, Offices, Sites...' and contact information.

Table listing British funds and their performance, including 'Shorts' and 'Five to Fifteen Years' categories.

INTERNATIONAL BANK

Table listing international bank stocks with their prices and market movements.

CORPORATION LOANS

Table listing corporation loans with their prices and market movements.

COMMONWEALTH & AFRICAN LOANS

Table listing commonwealth and African loans with their prices and market movements.

LOANS

Table listing various loan products with their prices and market movements.

Public Board and Ind.

Table listing public board and industrial stocks with their prices and market movements.

Financial

Table listing financial stocks with their prices and market movements.

FINANCIAL TIMES

Advertisement for Financial Times, including publication details, editorial offices, and subscription information.

CHEMICALS, PLASTICS

Table listing chemical and plastic stocks with their prices and market movements.

ENGINEERING MACHINE TOOLS

Table listing engineering machine tool stocks with their prices and market movements.

FOOD, GROCERIES, ETC.

Table listing food, grocery, and other related stocks with their prices and market movements.

Handwritten text at the bottom of the page, possibly a signature or note.



INDUSTRIALS—Continued

Table of industrial stocks including companies like British Petroleum, Shell, and various engineering firms. Columns include stock name, price, and percentage change.

INSURANCE—Continued

Table of insurance companies such as Lloyds, Norwich Union, and various life insurance providers. Columns include stock name, price, and percentage change.

PROPERTY—Continued

Table of property-related stocks and trusts, including various real estate investment trusts and property companies. Columns include stock name, price, and percentage change.

INVESTMENT TRUSTS—Cont.

Table of investment trusts offering various asset classes like equities, bonds, and international investments. Columns include trust name, price, and percentage change.

FINANCE, LAND—Continued

Table of financial and land-related stocks, including banks, insurance companies, and land investment trusts. Columns include stock name, price, and percentage change.

NOMURA The Nomura Securities Co., Ltd. London Office: 1011 608-3411, 6253. Includes contact information for the London office.

MINES—Continued AUSTRALIAN

Table of Australian mining stocks including companies like BHP, Anglo American, and various iron ore producers. Columns include stock name, price, and percentage change.

TINS

Table of tin mining stocks, including companies like Anglo American and various tin producers. Columns include stock name, price, and percentage change.

COPPER

Table of copper mining stocks, including companies like Anglo American and various copper producers. Columns include stock name, price, and percentage change.

MISCELLANEOUS

Table of miscellaneous stocks including various international and specialty companies. Columns include stock name, price, and percentage change.

NOTES

Notes section providing information on interest rates, bank rates, and other financial news. Includes text about the Bank of England and other financial institutions.

RECENT ISSUES and "Rights" Page 24

Text regarding recent issues and rights of companies, including information on share issues and rights issues.

REGIONAL MARKETS

Table of regional market data for various countries and regions, including stock indices and market performance.

OPTIONS 3-month Call Rates

Table of 3-month call option rates for various companies and markets, including strike prices and option prices.

INSURANCE

Table of insurance companies and their stock prices, including various life and general insurance providers.

PROPERTY

Table of property-related stocks and trusts, including real estate investment trusts and property companies.

TRUSTS, FINANCE, LAND

Table of trusts, finance, and land-related stocks, including various investment trusts and financial institutions.

FINANCE

Table of financial stocks, including banks, insurance companies, and other financial institutions.

DIAMOND AND PLATINUM

Table of diamond and platinum mining stocks, including companies like Anglo American and various precious metal producers.

CENTRAL AFRICAN

Table of Central African mining stocks, including companies like Anglo American and various African mineral producers.



Hull for your next expansion. New Development Opportunities brochure from: Ian R. Holden, Director of Industrial Development, Kingston upon Hull City Council, 77 Leopold Hall, Hull, H.U.1 1RP. Telephone 0482 223311.

Damaging Post Office dispute to continue

BY NICK GARNETT AND JOHN LLOYD

POST OFFICE members of the Society of Civil and Public Servants, who have been carrying out financially damaging industrial action for four months in support of a pay claim, have rejected by ballot an offer worth up to 20 per cent for some grades. The union, whose Post Office group negotiators resumed talks with the management yesterday after the ballot result, will maintain the action. The action, with that taken by members of the Civil and Public Services Association, has halted computer telephone billing, disrupted the introduction of engineering equipment, and affected other services, including the updating of telephone directories. Members of the society voted 2,348 to 1,967 to reject the offer which provided for basic rate

increases of 9 per cent, with a 5 to 7 per cent for grade restructuring, 2 per cent for productivity, and 2 1/2 per cent for changing the settlement date. A similar offer has been accepted by the Post Office Engineering Union, while the 37,000 Post Office members of the CPSA are also being balloted on a matching offer. The result is expected to be fully known at the beginning of next week. The action has cost the telecommunications business around £600m net in lost income so far. The business is continuing to borrow from the postal side at the rate of £10m a day. However, postal cash reserves are running low and it is believed that the corporation will be forced to look elsewhere for funds in the immediate

future. Its overdraft limit with the Bank of England was recently increased from £75m to £225m and it is likely to draw on that first. Last month Sir William Barlow, the Post Office chairman, said that the loss of revenue had already cost the corporation £80m in profit in the current year. The figure is now expected to be around £80m. That loss of profit is the interest which would have been received had the money been lent to the telecommunications business by the postal side been borrowed—as is normal—on the open market. Senior Post Office executives believe that it will be difficult to achieve profit targets this year, partly because of the financial drain caused by the computer operators' action.

Threat to main Bowater newsprint plant

BY JOHN LLOYD

THE FUTURE of newsprint production at Bowater, the paper making company, is in jeopardy, threatening 2,000 jobs at its main newsprint plant at Ellesmere Port, Cheshire, and a further 2,000 jobs in the supply industry. The company has lost almost £1.5m on newsprint production in the first half of the year. The newsprint division, which produces 225,000 tonnes of paper a year and accounts for around 12 per cent of the company's total UK production, has swung between break-even and minor losses for the past five years. Canadian and Scandinavian newsprint producers, who already supply 75 per cent of the UK's needs, now undersell UK-produced newsprint by up to £30 a tonne. Dr. Ingram Lenton, chairman of Bowater UK, said last week: "If the Scandinavians and Canadians continue to hold down their prices and take out market, we would have nowhere else to sell. We would have to make severe cuts in our production." Reed, the smaller of the two UK newsprint manufacturers with an annual output of 139,000 tonnes, has also sustained a loss on newsprint in past months. It has warned its customers that it may cease production entirely. But Reed is better placed than Bowater. One third of its production is taken up by Mirror Group newspapers, part of Reed International, to supply part of its needs, and it uses waste paper for 70 per cent of its raw materials. Bowater relies largely on more expensive wood pulp. Mr. Jonathan Benn, chairman of Reed Paper and Board UK, said yesterday that any future for newsprint production at Reed "would be based on recycled waste paper." The root cause of the UK companies' problems is the fall in the value of the dollar, especially against the pound, in the last six months. This fall, coupled with the operation of a currency clause agreed by

foreign and domestic newsprint suppliers in 1977, has meant that Canadian suppliers have a strong competitive edge over UK and, to a lesser extent, Scandinavian suppliers. The currency clause provided for a rebate of £1.34 per tonne of newsprint for every cent by which the dollar weakened against the pound over a rate of £1.75. The dollar's fall has meant that rebates from the base price of £255 were well over 50, which meant that the UK companies were selling at a loss. Abandoned Both companies have abandoned the currency clause as originally negotiated. Bowater's new formula still uses the £1.75 base, but with a cut-off point of £2.05. Reed gives a flat 10 per cent rebate on £255, giving a net price of £229.50, compared with Bowater's £233.68. By contrast, Canadian and Scandinavian net prices are about £200-£215. It is believed, however, that only Canadian producers are profitable at this level and that the Scandinavians who are for the moment offering the lowest prices—will have to raise them soon. Both paper makers and newsprint users have held talks recently with the Government, and Dr. Lenton was waiting for a "considered reply." He was not hopeful that either the Government or the newsprint users would do much to help the UK industry. However, some newspaper managements are concerned that the loss of all UK production would place British newspapers at the mercy of foreign suppliers, who might then be able to force up prices. At least one national newspaper is believed to be prepared to continue a high level of orders from UK mills to guarantee their future, and its management is seeking to persuade other newspaper groups to follow suit. News Analysis, Page 7

THE LEX COLUMN Industry passes on its costs

Index rose 2.1 to 459.6



The stockmarket's firm conviction that inflationary pressures will soon begin to moderate was put to the test yesterday. Wholesale price figures showing a disquieting vigorous trend were released against a background of muted trade union sabre-rattling. Output prices rose by 2 1/2 per cent in July—only half the increase was attributable to oil-based products—and although raw material input costs were barely changed, the June figure had been revised upwards to show a rise of 2.2 per cent, rather than 0.6 per cent, over May. The foreign exchange market was not in the mood to look far beyond the July figures, and sterling dropped 3 cents, to around \$2.24. But had the pound not been so strong over the last few weeks the wholesale price figures would have been even worse, and it seems likely that Britain's competitors will soon be publishing their own unhappy statistics. Sterling's fall yesterday may simply be the omen for being first with the figures. Or it may be that the foreign exchanges were worried by the domestic cost pressures in the British economy. The output figures certainly suggest that British manufacturers have been taking every opportunity to pass on higher costs in order to protect their profit margins. Their chances of raising prices further must be severely limited by the increasing competitiveness of imports. But if the present trend in output prices is not checked soon, the peak of retail price inflation is likely to be as high as the gloomiest expectations, 18 per cent or so. Input prices should now rise little further unless sterling falls steeply; the oil price seems stable and commodity prices have moved down. Despite sterling's weakness, the pound has held remarkably steady. In this market all eyes are on today's banking figures for the month to mid-July, particularly the bank lending figures. Yesterday brought more evidence of the strength of the June consumer boom, which to some extent the banking statistics will reflect.

on the speed with which higher crude oil costs can be passed on. It appears that the majors have achieved a fairly quick flow through of prices this year, especially in markets like the UK and Germany. The price is, however, that many oil-producing countries have been sharply reducing the length of credit granted on purchases of crude—a move by Saudi Arabia in this direction cost Texaco, for instance, around \$20m in accelerated payments in June and early July. In such unstable conditions, profits and cash flow may not tell the whole story. Currency futures Seasoned observers of the foreign exchange market always on the lookout for fresh explanations for the sometimes irrational gyrations in exchange rates, are starting to focus on a new scapegoat. Part of the blame for the recent sharp movements in sterling is now being laid at the door of the growing Chicago foreign currency futures market. As the evidence is very substantial, but there are indications of speculative activity on the International Monetary Market in Chicago early last week had some impact on the spot market the following day. Compared with activity in some other commodities, such as gold, turnover in foreign currency futures is still relatively small. Last Tuesday, a number of sterling futures contracts traded reached a peak of 5448. This was well below the respective daily peaks of 6468 and 7254 for the Japanese yen and the German Mark, but interest in sterling is growing rapidly. Four years ago the number of contracts traded in sterling amounted to 33,500 annually. Since then the number has more than doubled each year and could reach 400,000 in 1979. This implies a trading turnover of £10bn per annum. As yet the traditional foreign exchange markets play down the importance of the Chicago currency futures market. But in the gold market the futures trading is already a very important influence and both the Federal Reserve and the US Treasury are known to be worried over the influence of interest rate futures and domestic debt management. The time may not be too far off when they become equally concerned about the influence of the futures markets on the foreign exchange markets.

London Brick to spend £60m on new plants

BY MICHAEL CASSELL

LONDON BRICK plans to spend £60m on replacing most of its brick-producing capacity in Bedfordshire. The redevelopment programme will entail the demolition of 98 chimneys up to 250 ft high in the Bedford area. They will be replaced by just four chimneys of nearly 460 ft. Mr. Rowe said that brick production at Kempston, the remaining Bedfordshire brick works, where output now averages 2m-3m a week, will be continued "for the present time." The new Whittlesey plant will have a capacity of about 5m bricks a week. With the Bedfordshire programme and other new works recently brought on stream, London Brick will be producing over half its output from units built since the start of the 1970s. The company is now producing about 50m bricks a week against a maximum possible

capacity of 65m-70m. It plans, by the end of its investment programme, to have a capacity of about 62m bricks a week, which it hopes will be sufficient to meet most peak demand periods, to keep production fully utilised rather than regularly tailored to major fluctuations in customer requirements. Mr. Rowe said the company's plans, which would satisfy the demands of the market for the foreseeable future, were based on the assumption that the use of fletton bricks would rise because of their comparatively low price and the energy-saving content of Oxford clay. He hoped that the first kiln to be provided at Bedford by the new programme could be in production in two to three years. In 1978-79 London Brick recorded pre-tax profits of £14.09m against £12.17m in the previous year on turnover up from £91.35m to £111.30m.

Australia to sell big uranium stake

BY OUR SYDNEY CORRESPONDENT

IN A significant loosening of its control over the uranium mining industry, the Australian Government yesterday announced it will sell its 50 per cent stake in the big Ranger deposit. The Ranger lies in one of the world's richest uranium areas, the East Alligator River region of the Northern Territory. The decision was immediately condemned by Labor Party opposition, and by the other partners in the project, Peko-Wallend and EZ Industries, the two Australian companies which control the Ranger deposits for almost a decade ago. A spokesman for the companies said last night that they would seek to arrange for an Australian consortium of "mining and financial interests" to buy up the 50 per cent share. However, there is certain to be strong overseas interest in buying into Ranger, which has at least 108,000 tonnes of proven uranium. The project was the first of the four Northern Territory deposits to be given the go-ahead last year. Preliminary construction work has already started during the current Northern dry season. Mining is expected to begin in 1983. Speculation has already spread here that a major British interest will attempt to buy in. Recently British Petroleum obtained a 49 per cent interest in the major uranium-copper-gold prospect Roxby Downs in South Australia. Under the extremely generous buy-in terms, BP will pay all the £35m for a feasibility study and guarantee to fund the finance for the development, estimated to cost as much as £500m sterling. The Government's official policy is that no foreign company can hold more than 25 per cent of an Australian uranium prospect. However, earlier this year the Government relaxed this to allow a 50 per cent overseas stake providing consent over the management of the project remained in local hands. Foreign companies which have an interest in Australian uranium are Getty Oil, Esso, Uranangschelschaft of West Germany and, most recently, BP. Yesterday's statement did not make it clear whether the Government would welcome a foreign bid. Its motives for selling the stake are a mixture of ideological opposition to Government involvement in mining—the original purchase was made by a Labor administration five years ago—and the revenue it will gain from the high purchase price expected. Mr. Lionel Bowen, the acting leader of the Labour Party, yesterday attacked the Government's move as "irresponsible."

Under the extremely generous buy-in terms, BP will pay all the £35m for a feasibility study and guarantee to fund the finance for the development, estimated to cost as much as £500m sterling. The Government's official policy is that no foreign company can hold more than 25 per cent of an Australian uranium prospect. However, earlier this year the Government relaxed this to allow a 50 per cent overseas stake providing consent over the management of the project remained in local hands. Foreign companies which have an interest in Australian uranium are Getty Oil, Esso, Uranangschelschaft of West Germany and, most recently, BP. Yesterday's statement did not make it clear whether the Government would welcome a foreign bid. Its motives for selling the stake are a mixture of ideological opposition to Government involvement in mining—the original purchase was made by a Labor administration five years ago—and the revenue it will gain from the high purchase price expected. Mr. Lionel Bowen, the acting leader of the Labour Party, yesterday attacked the Government's move as "irresponsible."

Co-ops hit by price war plan merger

BY DAVID CHURCHILL, CONSUMER AFFAIRS CORRESPONDENT

TWO LEADING co-operative retail societies in South London and the South-east are planning to merge in response to fierce trading competition in the High Street. The management boards of the Royal Arsenal society and the South Suburban society have agreed in principle to the move. It would create a business with sales this year of over £200m, making it four-fifths the size of British Home Stores. Detailed talks are being held and, subject to ratification by members of both societies, the merger could be completed by the end of the year. The new society would be firmly established as Britain's third largest retail Co-op behind Co-operative Retail Services, with sales of over £400m a year, and the London Co-op, with an annual turnover of £215m. The Royal Arsenal is third in size at present, with sales of about £150m. Two other small south-eastern societies—Invicta and Sittingbourne—may decide to join the merger, making the new society the second largest with an annual turnover in excess of £250m. Although the proposed merger is in line with long-standing plans in the co-operative movement for fewer and bigger societies, the impetus for change has been the food price war over the past few years. The Royal Arsenal has made trading losses of almost £2m over the past two years, while the South Suburban society made a loss of almost £250,000 last year after dividend payments. If the merger goes ahead, the new society will have about 300 stores throughout much of London's southern suburbs as well as large parts of Kent and Surrey. Store closures seem likely, arising both from rationalisation of the two societies as well as the continuing need to shut small uneconomic units. The merger will not affect the current moves to establish a national trading organisation for the co-operative movement. It would be based on a merger of CRS, the only retail co-op whose operations are not confined to any one geographical area, and the Co-operative Wholesale Society. But such a merger is still in the early discussion stages and its prospects remain doubtful.

Continued from Page 1 Thatcher

conference were that the constitutional conference which Britain is to convene will be held in London; and Mrs. Thatcher did not expect any British troops to go to Rhodesia to fulfil the supervisory role that the UK has undertaken, if and when there are fresh elections. Further details of the weekend discussion that led to the final communiqué emerged yesterday. Mrs. Thatcher wanted to keep the British Government's hands as free as possible for the coming months. In the event a commitment to both a constitutional conference and fresh elections were both included in the communiqué. A key clause is that relating to supervision of the election. Elinor Goodman writes: Labour support for the broad shape of the Rhodesia proposals was given yesterday by Mr. Peter Shore, shadow Foreign Secretary, as a small group of right-wing Tory backbenchers continued to make bell-tolling noises about the agreement. When he spoke on BBC Radio Mr. Shore welcomed the agreement, but gave a warning that there was still a long way to go. Some Right-wingers continued to insist that a sell-out. Mr. Nicholas Winterout accused Mrs. Thatcher of having executed "a disastrous U-turn." He said he would be writing to the Chief Whip, suggesting that Parliament might have to be recalled and telling him that the Government would no longer be able to rely on his support through "thick and thin." With an absolute majority of 43, the Government could certainly carry on without the support of a few of its backbenchers, but indications yesterday were that a serious rift could be avoided if everything went to plan. James Bartholomew writes: Rhodesia bonds quoted in London rose sharply yesterday. Southern Rhodesia 2 1/2 per cent 1965/70 jumped 4p to 93p and the 6 per cent 1978/81 stock gained 5p to 130p. Both these stocks are at their high for the year and the 2 1/2 per cent stock is more than double its 1979 low of 43p. Interest and capital due on 123 Rhodesian bonds have not been paid to British residents since 1966, the year after the Unilateral Declaration of Independence. Simm and Coates, the stockbrokers, estimate that £28m of capital and £38m of accrued interest will be due to British holders by the end of this year.

Abu Dhabi find

AL-AIN, ABU DHABI—Mr. Tahoun Bin Mhammed, chairman of the Abu Dhabi National Oil Company, confirmed the discovery of a new gas field off the Abu Dhabi coast. In an interview with the official Emirates News Agency, he described the gas field, at Khuff, in the Umm Al-Shaif region, as a major find. Abu Dhabi officials recently said the find was encouraging, and deep drilling was taking place to determine its size. Mr. Tahoun also said work on a new plant to produce ammonia from natural gas will begin next year, at a cost of \$350m. Reuter

Manufactured goods

Continued from Page 1 Consequently, the materials cost index has increased by 9.2 per cent in the past six months compared with 3.4 per cent in the previous half-year. The increase in this index would have been much larger but for the appreciation of sterling. This is highlighted by the contrast between an increase of just over 27 per cent in the dollar cost of world commodities

in the last 12 months and a 9 1/2 per cent rise in the sterling cost. Last month, for instance, the cost of materials bought by manufacturing industry outside the food and drink sectors was virtually unchanged as higher crude oil prices were partially offset by the rise in sterling. After excluding crude oil, raw materials fell 1 1/2 per cent.

Weather

UK TODAY MOSTLY cloudy, outbreaks of rain. Wales, Isle of Man Some heavy rain. Becoming brighter with scattered showers. Max. 21°C (70°F). Scotland and N. Ireland Showers, prolonged at times, sunny intervals. Max. 18°C (66°F). Outlook: Sunny intervals and showers.

Table with 3 columns: Location, Y'day, M'day. Lists weather conditions for various cities like London, Edinburgh, Glasgow, etc.

Oil majors

A tricky financial public relations problem has built up for the international oil majors in the wake of this year's massive oil price rises—very large lumps of stock appreciation are set to appear in their earnings figures, particularly for the second quarter. The question in product prices took place in the second quarter, and has spilled over into the July-September period, when it is likely that a further, though smaller, element of stock appreciation will occur. But whether an oil company derives any cash benefit from such stock "profits" depends

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